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FINANCIAL TIMES

No. 27,327 Thursday July 21 1977 ***12p

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CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.50; GERMANY DM.2; ITALY L.500; NETHERLANDS Fl.2.5; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.5; EIRE 12p

GENERAL

Grunwick workers vote against unions

A secret ballot conducted at Grunwick yesterday by Gallup Poll produced an 85 per cent. vote among staff against any trade union negotiating pay and conditions at the film processing company. There was an 87 per cent. vote against APEX, which has been involved in a recognition dispute for almost a year.

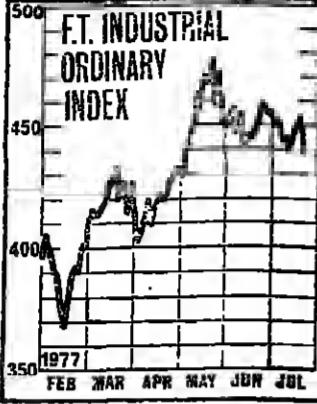
Gallup Poll, which was brought in by Mr. George Ward, Grunwick's managing director, had the payroll list of the company's 303 staff. The vote covered 299 people with the rest, 14 directors, the temporary staff of 61 and others who were sick or absent, excluded.

No notice was given to staff that the vote was taking place and, Gallup said, the management was not involved in the vote at any time. Back Page

BUSINESS

Equities slip 7.2; \$ still nervous

EQUITIES suffered a further setback as concern about trading prospects prompted renewed buying. The FT 30-Share Index closed at the day's worst of 439.1, down 7.2, for the loss of 14.6 over the past three trading days.



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MP denies charge

Mr. John Cordle, Tory MP for Bournemouth E, has rejected allegations that he concealed a "direct pecuniary interest" when speaking in a 1964 Commons debate on Gambia, where companies of Mr. John Poulson, the jailed architect, were involved. Mr. Cordle is planning a counter attack against charges levelled at him in a select committee report over links with Mr. Poulson. Page 13

Poor outlook

More people in Britain than in any other EEC country believe that the poor are to blame for their own plight and that public authorities are doing too much to relieve poverty, according to a survey of public opinion sponsored by the European Commission. The survey also found that at least three quarters of the population of Britain claim to be satisfied with their way of life. Page 4

Auction record

A world auction record of £62,000 was paid at Sneath's by a London dealer for a copy of the Koran produced in Baghdad in 1282. The manuscript was limited by one of the most important early Arab calligraphers, Yaqut Al-Musta'lim. It also contained a number of later Turkish illuminations. Sale room, Page 2

EC parity claim

The Scottish National Party is to file an amendment to the European Direct Elections Bill calling for a doubling of the representation for Scotland. This would give Scotland 16 seats in the European Parliament and parity with Denmark.

Fishing tale

The crew of a Japanese fishing boat has been ordered to try to recover a dead unidentified sea creature, the first of a new species was caught in deep water off New Zealand and, after being photographed, was thrown back because it smelled.

Rhodesia talks

Mr. Ian Smith, the Rhodesian Prime Minister, has told Mr. Erik Solha, the South African Foreign Minister, that negotiations with Britain over the country's future will continue during Rhodesia's general election campaign.

Concorde fights

British Airways is to increase the number of flights to Concorde makes in Washington from four to six flights a week, from August 21. Page 7

Briefly...

Colin Davis, musical director of the Royal Opera, will open the Bayreuth Festival, Germany, on Saturday. This will be the first time a British conductor has appeared at the festival.

Morocco has airlifted 600 troops to the mining centre of Zouerate in Mauritania to help project it from attacks by left-wing guerrillas based in Algeria. Page 6

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | FALLS |
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| Escheq. 13p. 180.1 | Assed. Dates 253 |
| Lipson (L) 921 | Barclays Bank 272 |
| Vinten Group 63 | Boots 171 |
| Libanon 318 | British Sugar 470 |
| Caibridge 123 | British Sugar (P) 87 |
| Tharun Sulphur 320 | Clayton Devandre 268 |
| Union Corp. 250 | Coston (R) 208 |
| | Courtaulds 116 |

| DAVID INTL. | DECCA A | FALRY | GE | HAMMERSON A | HAY'S WHARF | LAND SEC. | LOYALTY BANK | MARSH & SOUTHERN | REDFEARN NAT. GLASS | REYROLLE PAPER | SMITH (W. H.) A | SPEAR (J. W.) | SUNLEY (B.) | THOMSON CRT. | TRUST HOUSES | TUBE INVS. | OIL EXPLORATION | GUTHRIE | NORTHSEA EXPLOR. | |
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Rising unemployment and 7-8% inflation forecast

OECD gloomy over West's growth target

BY DAVID CURRY: PARIS, July 20

THE LEADING Western industrial countries have no chance of attaining the growth target they have set themselves on the basis of present economic policies. With the exception of the U.S., the prospect is that unemployment will continue to edge upwards, and the underlying rate of inflation, at least in the short term, remains at about 7 or 8 per cent, a year.

This is the main conclusion of the latest six-monthly Economic Outlook, published today by the 24-nation Organisation for Economic Co-operation and Development. It notes that the goal of a 5 per cent. growth rate for 1978, and the medium-term strategy of an annual 5 to 6 per cent. growth rate, are unlikely to be achieved.

Over the 12 months to mid-1978, overall growth seemed likely to stick at 4 per cent., insufficient to erode unemployment levels, and indeed likely to promote a slight increase in unemployment.

Nonetheless, the report makes it clear that the target growth rate could be achieved if the "locomotive countries"—notably Japan and West Germany—took a lead out of the American book and followed a more expansionist course.

The U.S. is the only country where the OECD Secretariat, which is encouraged rather than

Disincentive

It also depends on "a substantial squeeze" on real take-home pay in 1977, with average earnings continuing to grow more slowly than prices for 12 months.

Capacities utilisation in manufacturing industry has been low in all member countries and will continue so for 12 months, OECD countries as a whole could have a reasonably fast rate of expansion of demand in the next year without running into problems of capacity limitation.

But, again excepting the U.S. Secretariat has based its

CBI to provide guidance on pay deals with the aid of data bank

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CBI LEADERS decided yesterday to salvage what they could from the pay policy developments of the past ten days by issuing guidance to companies on the best way to set settlements and by setting up a data bank on how wage negotiations develop to the coming months.

This emerged from the monthly meeting of the CBI's council which, while angry at the Government's intention to use profit margin controls to police settlements, decided to adopt a positive rather than a merely negative position.

It was made clear at the same time, though, that the permanence of the CBI's stance depends on two factors. First the Government should provide a lead in the public sector, and may speak in support of companies resisting high claims. Second the 12-month rule on the spacing of pay settlements, which was backed by the TUC's economic committee on Tuesday, should be approved both by the TUC general council later this month and by the annual Trades Union Congress in September.

The point which encouraged CBI leaders most yesterday, and which muted at least temporarily their opposition to the main

Pay up 8.3%

Average earnings rose again in May to show an increase of 8.3 per cent. over the first 10 months of the Phase Two pay policy. The increase is equivalent to a rise of over 10.5 per cent. on an annual basis. But officials remain confident the final outcome of the year will be well within single figures.

Leaders of the Transport and General Workers Union still consider themselves bound by the 12-month rule on pay settlements. Back Page

under profit margin controls when they break the rule. Mr. John Methven, CBI director-general, was thus able to argue in the council meeting that the TUC was at least trying to maintain wage restraint on the aspect of the policy which affected companies' ability to put up prices. In such a situation it was right for the CBI to contribute by setting up a central data bank and by issuing guidance on pay.

Lord Watkinson, CBI president, spoke to similar effect at the council meeting about the way that the Government had "opted out."

Earlier he told council members: "Because the Government and the TUC have failed to continue their own agreed wage policy, at the very moment when the nation faces success of failure in the battle against inflation, this places a heavy burden on every member of the CBI."

It meant that responsibility for dealing with pay had "returned to the employer, as it should." Companies should therefore "stand together."

On the other hand, both Lord Watkinson and Mr. Methven were anxious to stress that they were not intending to issue instructions to CBI members nor trying to control what they did. Indeed, they might go no further on precise figures than to restate the CBI's known stance that earnings should not rise by more than 10 per cent., which means that basic pay deals should not exceed 6 per cent.

Mr. Methven said he preferred to describe what the CBI would be doing as "advice and counselling rather than monitoring."

Lord Watkinson added crisply: "Just because the Government has dismantled everything in a few days, don't think that the CBI is going to become a grand-mother going round rapping people on their knuckles."

Lord Watkinson stressed, however, that industrialists would be watching closely how the Government dealt with its own employees. Companies would regard themselves as being free if the Government paid up with settlements of 15 to 20 per cent, he said.

Callaghan plea to unions

BY RICHARD EVANS, LOBBY EDITOR

IN THE face of Conservative calls for his resignation, the Prime Minister insisted yesterday that there remained every prospect of an orderly, if difficult, return to free collective bargaining in the next phase of pay policy.

Mr. James Callaghan's theme in a Commons debate regarded as a matter of confidence in the Government was that the trade unions must not try to catch up on two years of wage restraint in pay claims after July 31. Such a tactic would be based on a "dangerous illusion."

But the Prime Minister's warnings to the trade unions on the need for restraint were dismissed with scorn by Mrs. Margaret Thatcher, the Conservative leader, who launched a devastating condemnation of the Government's handling of the economy.

Mr. John Pardoe, Liberal economic spokesman, indicated during the debate that there was every likelihood of the 13 Liberal MPs continuing to support the

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Carter hopes for autumn Geneva talks

BY DAVID BELL WASHINGTON, July 20.

PRESIDENT JIMMY CARTER prepared to make some concessions on the Palestinian issue, or very likely that the Geneva Middle East peace conference will be reconvened in October following a second day of talks with Mr. Menachem Begin, the Israeli Prime Minister.

The President spoke to reporters after a meeting of only 30 minutes with Mr. Begin. "We had such an unexpectedly harmonious discussion this morning that we did not have any reason for arguments," the President said. He added: "I like him very much."

President Carter said that Mr. Cyrus Vance, the U.S. Secretary of State, would be leaving for the Middle East on August 1 and would hold what would probably be the final pre-Geneva talks with Israeli and Arab leaders. "I believe we have laid the groundwork now and barring some unforeseen circumstances that will lead to a Geneva conference in October," he said.

Concession

It appears that the Administration has decided that a reconvened Geneva conference is the best way forward in the present situation, even though there is a real risk that it could break into a serious, if not a complete, stalemate.

It was not immediately clear whether Mr. Begin has been 242.

Egypt may accept Israel

BY MICHAEL TINGAY CAIRO, July 20.

EGYPT will accept the existence of Israel, one of the States in the Middle East if Israel conforms to the demands of international legality, according to President Sadat quoted in the semi-official newspaper, Al-Ahram, here today.

Although this is little more than a confirmation and clarification of Egypt's position towards Israel, its immediate aims are twofold. First, it is clearly intended to coincide with the start of Mr. Begin's talks with President Carter in Washington. Second, it is meant as a conciliatory gesture to give the U.S. further evidence of the moderation of its best ally in the Arab world.

It is understood here by Mr. Sadat's statement that, if Israel were to conform to UN resolution 242, Egypt would recognise it and move towards normalising diplomatic relations.

Al-Ahram also quoted Mr. Ismail Fahmy, Egyptian Foreign Minister, as saying that President Sadat had contacted leaders in Moscow, Washington, Bonn and Paris, as well as Dr. Kurt Waldheim, the UN Secretary-general, affirming Egyptian insistence on total Israeli withdrawal from the territories occupied in 1967 and establishment of a Palestinian State on the West Bank and in the Gaza Strip.

Further evidence of Arab moderation has come from the Syrian capital, Damascus, where the head of the Arab League, the Secretary-General, Mohammed Mabsoub, who has headed the Arab Boycott Office since it was set up, said the boycott would continue until Israel withdrew from the West Bank, the Gaza Strip and Jerusalem.

This is the first statement from the boycott office to imply possible acceptance of Israel within its 1967 boundaries.

5 in New York

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| 1 month | \$1,790,720 | \$1,769,790 |
| 3 months | 0.88-0.54 dl. | 0.65-0.64 dl. |
| 6 months | 1.56-1.81 dl. | 2.06-2.00 dl. |
| 12 months | 7.25-7.15 dl. | 7.35-7.25 dl. |

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Schmidt denies detente conflict with Giscard

BY JONATHAN CAIR BOMN, July 20.

CHANCELLOR Helmut Schmidt has returned from talks with President Giscard d'Estaing of France saying their two countries agree on their detente strategy with the Eastern block and will hold to it.

Herr Schmidt's remark after the discussions between the two men held last night near Strasbourg follows apparent differences between them in their assessment of President Jimmy Carter's detente policy.

Even as Herr Schmidt was returning from a visit to Washington last week saying that disagreements between him and President Carter on detente had been exaggerated, President Giscard was describing the U.S. leader's human rights campaign as ill-conceived and dangerous.

German officials insist nonetheless that the differences are of style rather than substance. Herr Schmidt is in full agreement with President Carter on, for example, the aims to be followed at the Belgrade follow-up conference on European security. This applies to the human rights issue too.

However, neither Herr Schmidt nor the French President have supported the overt manner in

Spanish jail riots spread

BY ROGER MATTHEWS MADRID, July 20.

RIOTING SPREAD to more than 500 prisoners were still holding out on the roof of Carabanchel. The authorities have now permitted lawyers to act as negotiators.

Meanwhile, sympathy demonstrations in Madrid and Valladolid were broken up by riot police last night, but other sympathy protests have been threatened for the next 24 hours.

A powerful bomb ripped through the second floor of the Palace of Justice in Madrid early this morning, causing extensive damage and a fire, but no injuries. The Palace of Justice is the home of the Supreme Court.

Four policemen and four members of the para-military Civil Guard appeared before a court martial this morning on charges of sedition arising from a demonstration by more than 500 officers outside the Ministry of the Interior last December, apparently in support of better

Russia moves to counter Cruise

BRUSSELS, July 20.

THE SOVIET UNION is building high towers near its borders in a move apparently linked to the future development of the U.S. Cruise missile, NATO intelligence sources said today.

The towers, which the sources said were hundreds of feet high, are believed to be topped with the most modern radar systems the Soviet Union can make.

"The radar devices, from their position on the towers, can 'look down' a great distance to the horizon and thus pick up any incoming low-flying Cruise," said one source.

News of the Soviet towers comes three weeks after President Jimmy Carter decided to cancel the B-1 strategic bomber in favour of the Cruise missile which skirts the earth's contours en route to its target.

The sources said the Soviet programme to build the towers was already under way at the time of the President's decision. It must, therefore, be designed for use against either the B-1 or the Cruise, both of which are designed to fly low in their final attack phase.

Ground-based radar stations are blind to low-flying aircraft or missiles, or see them so late that linked anti-aircraft guns and rockets as well as interceptor planes do not have time to attack them.

The Cruise, a piloted jet carrying a nuclear warhead, can fly at under 100 feet altitude.

The sources said the Soviet Union was trying to increase the efficiency of its radar, especially "look-down" systems designed for use against low-flying enemy aircraft or missiles—to meet the challenge of the Cruise.

They said the Russians probably would increase their mobile air defences because the Cruise can be made to avoid fixed enemy gun and rocket sites but is helpless against a moving enemy.

The sources said NATO also expects the Russians to build up their air fleet to attack Cruise-carrying B-52 bombers which would have to fly to within 300 miles of the Soviet border before releasing the weapons.

British 'most cynical about poor in Europe'

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

MORE PEOPLE in Britain than in any other EEC country believe that the poor are to blame for their own plight and that public authorities are doing too much to relieve poverty, according to a year-long survey of public opinion in the Community sponsored by the European Commission.

The survey also finds, somewhat paradoxically, that though nearly four-fifths of the British population feel constrained to cut down on personal spending to make ends meet, at least three-quarters claim by and large to be happy and satisfied with their way of life.

By contrast the survey, entitled "The Perception of Poverty in Europe," finds significant undercurrents of social unease in both France and Italy. More than a quarter of the French and almost half the Italians polled say that they are dissatisfied with their lives and lay the blame principally on social injustices.

But in neither country are so many people as pessimistic about the future as the Dutch. While more people in the Netherlands are happy with their lot than anywhere else except Denmark, fully a third expect life to get worse over the next five years and beyond.

The findings about Britain, though based like the rest of the survey on a scientific questionnaire sent out more than a year ago, may be expected to confirm Mrs. Margaret Thatcher in her view that a good part of the electorate believes that the welfare State has got out of hand and that there should be greater emphasis on self-reliance.

In the U.K., 45 per cent of the sample believe that poverty is caused by laziness and lack of willpower, compared to only 10 per cent in the Community as a whole, while 20 per cent believe that British authorities are doing too much to combat poverty, and less than half that in Denmark and Germany.

Judged by their awareness of the existence of poverty and their willingness to do something about it, the British emerge as the most cynical peoples in the EEC, with 27 per cent of the sample professing not to care about the poor. At the other end of a somewhat arbitrary scale, devised by the survey's authors, France and Italy are found to have the largest percentage of "militants."

But Britain as a whole emerges as a poor country by comparison with its EEC partners, though still a relatively cheap one to live in. Measured in European units of account, which reflect real currency values, its median household income over a month is the third lowest in the Community and less than half that in Denmark and Germany.

Measured in terms of what money will actually buy in each country, however, the picture is considerably less bleak. Using a yardstick, the survey finds that British household income is the fourth highest in the EEC, exceeded only by Denmark, the Netherlands and Germany.

The poll's findings tend to give the lie to the conception, popular in some quarters of Britain as a society which attaches greater importance to unquantifiable values such as freedom of speech and protection of civil rights than to measurable achievements like economic growth, low inflation, maintenance of law and order and a strong national defence.

Judged according to these loosely asserted criteria, 45 per cent of people in Great Britain were classified as "materialists," a proportion exceeded only in Germany and Northern Ireland. Only 4 per cent of the British population emerged as "post-materialists," compared with 19 per cent in France.

Demirel preparing Cabinet

BY METIN MUNIR ANKARA, July 20.

MR. SULEYMAN DEMIREL, the Turkish Prime Minister designate, today visited President Fahri Koruturk and reported success in forming a Government. Mr. Demirel's Government, his fifth, is a coalition of three right wing parties and, with the exclusion of a fourth small party, is a replica of the alliance which was in power before the June General Election.

It will take over from the minority Government of Mr. Bulent Ecevit, the socialist democrat, who was defeated in a confidence vote by the Demirel alliance earlier this month.

Mr. Demirel's Justice Party (JP), which has 189 seats in the 450-member National Assembly, will have 17 of the 30 Cabinet seats, including that of the Prime Minister. Prof. Necmettin Erbakan's pro-Islamic Salvation Party (NSP), with 24 seats, has been allocated eight Cabinet seats. Mr. Alpazlan Turker's ultra-right wing Nationalist Action Party (NAP), with 16 seats, will have five Cabinet seats.

Mr. Demirel said that he would announce the Cabinet by noon tomorrow, after obtaining the approval of President Koruturk. Political observers here expect the new Coalition to have a hard time. In Parliament it will encounter stiff opposition from Mr. Ecevit's Republic People's Party (RPP). This has 214 seats in the National Assembly and an absolute majority in the Senate, which has delaying powers that the RPP will undoubtedly try to exploit. The RPP also has an overall majority in the joint sessions of Parliament which meet when particularly important decisions must be taken.

Mr. Demirel's position will not be easy outside Parliament either. He and his partners do not enjoy the confidence of powerful and diverse pressure groups such as big business, trade unions, national newspapers, universities, students and sections of the Army. These fear that Mr. Demirel's coalition, the so-called Nationalist Front, is likely to prove as unsuccessful as it was in the past. They point out that the differences of opinion and rivalry which brought it near to collapse last spring still exist.

Western embassies and finance institutions share this scepticism, believing that the new government will not be able to cope with the problems which Turkey is faced with grave economic and foreign problems which require strength at home and confidence abroad.

Mr. Demirel must tackle the Cyprus issue before such problems as the U.S. arms embargo and differences with Greece over the sovereignty of the Aegean seabed can be sorted out. The EEC has been awaiting a strong Ankara Government to solve Turkey's association relations with the Nine.

The IMF and International Finance Institutions, to which Turkey will have to resort for loans to finance its huge trade deficit and debt repayments, will want stern economic measures.

Mr. Demirel is a pragmatic man and a brilliant Parliamentary tactician who has survived many political setbacks, but he is at the mercy of Professor Erbakan (and to a lesser degree Mr. Turker) whose extremist foreign policy views and ambitions for heavy industrialisation did so much to undermine the old Nationalist Front. These views have not changed.

Mr. Demirel's problems with the Professor have started again even before the announcement of a cabinet. It is reliably reported that Mr. Demirel could not take the Cabinet list to the President today because a last-minute problem developed between the two over the controversial Ministry of the Interior, leading Mr. Demirel to explain something new happens every half hour.

Coalition in France agrees poll code

BY DAVID CURRY PARIS, July 20.

FOUR of the five parties supporting the French coalition with the even smaller Socialist Government have agreed on a code of conduct for their behaviour in the general election campaign next March. By and large, the pact follows the lines proposed by M. Jacques Chirac, the Gaullist leader, whose party, with 170 seats in the National Assembly, is comfortably larger than the other coalition partners combined.

The Gaullists, the Republicans, the centrists, and an independent peasant party have agreed to meet at regular intervals to prepare the under separate colours in the first round of voting in France's two-tier election system.

Whoever does best in the first round will be given a clear run against the Socialist or Communist opposition candidate and will receive the support of all members of the Majority. During the first round, rival candidates of the Majority will not attack each other and all candidates must subscribe to the non-aggression pact before they are generally invested as their party's choice.

The Radical Party, led by M. Jean-Jacques Servan-Schreiber, refused to take part in the discussions on the grounds that M. Chirac was trying to usurp the role of co-ordinator of the Majority, which rightly belonged to the Prime Minister, M. Raymond Barre. Today, the

Radicals announced their merger with the even smaller Socialist Government, formed less than a year ago, in a coalition. The Gaullists by a handful of people who disliked the radical right-wing approach of M. Chirac.

Discussions on the political content of the Majority's election platform will be held after the holidays and the Prime Minister has indicated that he will take a leading role in the talks. Meanwhile, the coalition parties have agreed to meet at regular intervals to prepare the under separate colours in the first round of voting in France's two-tier election system.

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It is hoped that by trying to settle outstanding problems a one concentrated session M. Francois Mitterrand, the Socialist leader, M. George Marchais, the Communist general secretary, and M. Rober Fabre, of the small left-wing Radicals, will be able to prevent acrimonious inter-party dispute discrediting their unity in the approach to the elections.

German vehicle output up

BY GUY HAWTHORN FRANKFURT, July 20.

WEST GERMAN motor vehicle production in the first half of 1977 was running 8.3 per cent above the level of the same period of last year. The growth was almost entirely a result of increased car and estate vehicle output, according to the Verband der Automobilindustrie (VDA), the country's motor industry federation.

Production in the first six months amounted to 2,188,400 units of all types compared with the 2,019,346 recorded in the first half 1976. Motor and estate vehicle production was 8.9 per cent up at 2,019,400 units, while commercial vehicle output showed an increase of a mere 1 per cent to reach 169,000 units.

The VDA comments that the inflow of domestic orders in the last few months has reflected a weakening of demand. This, however, appeared to slow down in June. Export demand last month maintained the levels of the previous months.

Car and estate vehicle exports in the first half amounted to 969,900 units, up 10 per cent on the opening six months of last year. Commercial vehicle shipments, however, were 2 per cent down at 99,800 units.

The VDA comments that the inflow of domestic orders in the last few months has reflected a weakening of demand. This, however, appeared to slow down in June. Export demand last month maintained the levels of the previous months.

Surprise at ship subsidy

BY OUR OWN CORRESPONDENT BRUSSELS, July 20.

NEWS THAT the French Government is planning a scheme to subsidise the purchase of vessels from French shipyards was greeted with surprise today by officials at the European Commission, to which the scheme must be submitted for approval.

Their surprise is due to the apparent failure of the French Industry Minister, M. Fournade, to mention the subsidy plan to the EEC Commissioner for Industry, Vicomte Etienne Davignon, when the two men lunched together in Paris yesterday.

The officials said that while discussion in Paris had focused mainly on the outlook for restructuring France's shipbuilding industry in the longer-term, they would normally have expected M. Fournade to have given Vicomte Davignon advance notice of short-term measures being considered by the Government.

While no formal comment is available on the French scheme in Brussels, it has been noted that it appears to lack two elements normally considered desirable by the Commission: these are a fixed period of application and specific provisions for structural change in the industry.

Under the Treaty of Rome, the EEC Governments are empowered to amend or abolish state aid schemes which it judges to be incompatible with the Common Market.

Steel orders rise in June

BY OUR OWN CORRESPONDENT FRANKFURT, July 20.

A VERY BIG rise in orders from countries outside the EEC led to a slight increase in bookings for the West German steel industry last month. Bookings, however, are still well down, even on last year's depressed levels, and the overall order position has dramatically worsened.

Orders for rolled steel finished products—not including semi-finished products, hot rolled strip or special steels—totalled just under 1.81m. tonnes in June. This was an improvement of 4 per cent on May's performance, but 11.2 per cent below the inflow of orders in June last year.

Domestic bookings, which in May were 13.2 per cent down on April's statistics, fell by a further 11.6 per cent in June. According to West Germany's iron and steel industry federation, home orders totalled only 960,000 tonnes.

Orders from customers in other EEC countries also declined, falling by 3.9 per cent to 199,000 tonnes. However, a huge 49 per cent increase in bookings from third countries more than compensated for both of the declines. Orders from third countries rose from May's 420,000 tonnes to 620,000 tonnes.

The federation is drawing some comfort that despite fall-off in performance after an early start, monthly bookings in the first half of 1977 were average—just under 1.53m. tonnes—some 300,000 tonnes higher than the average for the second half of last year. It points out, however, that the first half monthly average is still 130,000 tonnes less than that of the opening six months of 1976.

Less Swiss intervention

BY JOHN WICKS ZURICH, July 20.

INTERVENTION purchases by the Swiss national bank totalled something over Sfrs.4.5bn. in the first half of this year, or well under half of the sum of Sfrs.10.9bn. recorded for the corresponding six months of 1976. According to the national bank's monthly report, interventions in the first half of 1977 were practically offset by capital export conversions, while in the same period of last year they had exceeded these by some Sfrs.3.7bn.

The development this year so far is attributed by the bank both to quieter conditions on the foreign exchange market and to its own monetary policy. The decline in capital exports is seen as the result of a shortage of first-class foreign borrowers, while a number of issues have been prematurely repaid or refinanced for interest reasons.

The trade-weighted exchange rate of the Swiss franc was higher by 3.1 per cent in July than a month earlier, in line with reports that the appreciation was of only 0.5 per cent since the start of the year and 1.8 per cent since July, 1976.

The monthly report discloses that, as of July 11, foreign individuals and foreign banks—not governments and monetary authorities—have been able to acquire sub-participations in Swiss franc loans to foreign borrowers. These may, however, be given only in the case of firm commitments and when an underwriting agreement has been transferred before repayment becomes due.

For the period July-August, the national bank has set the ceiling for publicly-offered loans for foreign borrowers at a total of Sfrs.300m. Notes issued in individual bank loans and Sfr franc public loans of international organisations are included in this maximum.

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Malta doctors on strike

BY GODFREY GRIMA VALLETTA, July 20.

MALTESE DOCTORS who, for the past seven weeks, have been involved in an industrial dispute with the Government were today directed by their union to stop seeing patients, except for emergency treatment. The strike, organised by the Medical Association of Malta (MAM), said today, will continue until July 25.

The Government's next step is expected to be the introduction of a new law, which would strip medical officers of their status as public servants if they continue to follow the doctors.

The 350 doctors in the MAM have signed declarations binding themselves to refuse any Government jobs they may be offered during the current strike.

Workers have been further restricted by legislation introduced by the Government on Monday night restricting the

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ECOEconomic Outlook

Optimistic growth forecast suggests need for stimulus

ALLOWING are extracts from the latest OECD Economic Outlook published in Paris.

medium-term strategy by OECD Governments in 1976, aimed at progress over the period 1976-1980. The strategy recognised attainment of sustained and higher employment and productivity, and generally, resources to productive and net exports.

to avoid wide fluctuations in demand management, it is suggested that a policy of steady growth be maintained, with a further reduction in inflation.

the past 12 months, inflation has risen by a bit more than 4 per cent, and in many countries, the rate of unemployment has risen. In the main, this has been due to the need to pursue growth performance in countries with high inflation and a weak position—although the rate has also proved somewhat unpredictable in other countries.

Reviewing the situation in the OECD area as a whole, it is concluded that the growth rate of real GNP in 1978 is likely to be around 5 per cent, and in many countries, the rate of unemployment will be around 5 per cent.

It should be noted that the rate of inflation in the OECD area as a whole is likely to be around 7 per cent in 1978, and in many countries, the rate of unemployment will be around 5 per cent.

early next autumn so that their implications can be examined, and can then provide the basis for monitoring progress during the course of next year.

Recent developments in demand and output have been broadly in line with the forecast presented in the December issue of Economic Outlook. The mid-way at the end of the year and the early part of this year are a somewhat stronger rise in total OECD output, in the U.S., the rise in activity has been rather stronger than expected and employment has fallen, but in the majority of member

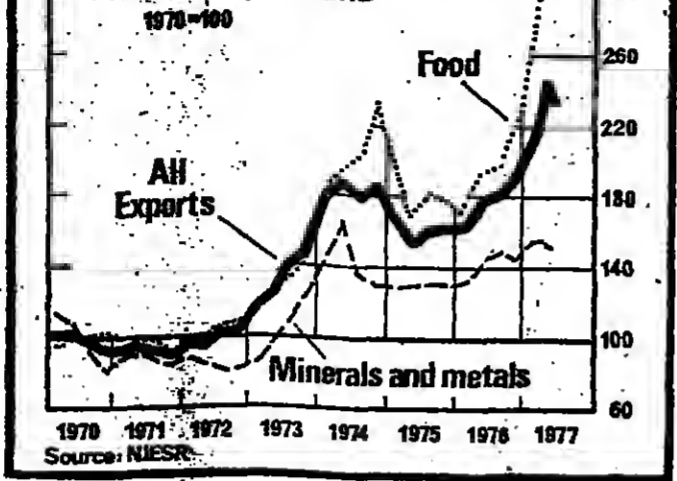
half of 1978. The marked improvements in price performance shown for the U.K. and Italy assume a considerable degree of success in respect of incomes policies and other arrangements involving consensus between the social partners. Aod for OECD countries as a whole it has to be stressed that price developments are subject to a number of uncertainties—viz the risks, on balance, on the side of a slightly stronger rise in prices than forecast.

The period up to mid-1978 is likely to be characterised by

tries. If policy changes are to exert the desired influence on the outcome in 1978, action to raise domestic demand in some countries may need to be in place soon.

United States

Current evidence points to continued strong recovery of output and demand. Real GNP is forecast to grow at an annual rate of about 5 1/2 per cent over the forecast period. Assuming that productivity growth slows down somewhat in 1977 and the labour force expands at roughly the same pace as in 1976, unemployment could fall to below 6.5 per cent by mid-1978. This acceleration of price observed in the first quarter of 1977 is likely to be temporary and the rise in the consumer price index may approach 7 per cent for 1977 as a whole. Since the United States continues to lead the world recovery, the trade balance is expected to move further into deficit, though not as rapidly as of late. The trade deficit could be about \$20bn in 1977 and the current account deficit around \$14bn, compared to deficits for 1976 of \$9bn and \$1bn, respectively.



Japan

The impact of policy measures will be temporary and the expansion of activity after the short-term recovery will lose momentum again next year. A basic consideration is that, despite the measures taken, business fixed investment seems likely to remain weak, given in particular continuing low rates of capacity utilisation and low business confidence. The year-on-year growth of real GNP may be around 5 1/2 per cent, with a slowdown to a 5 per cent rate in the first half of 1978.

Despite a forecast rise in employment, the unemployment rate may remain near the current 1.9 per cent. Consumer prices may decelerate over the forecast period. The current account surplus may rise from \$3.7bn in 1976 to around \$7bn in 1977; in the 12 months to mid-1978, it may be about \$4.5bn, significantly below its level in the first half of 1977 (seasonally adjusted annual rate of over \$9bn).

Coalition in agreement

agrees poll

the past 12 months, inflation has risen by a bit more than 4 per cent, and in many countries, the rate of unemployment has risen. In the main, this has been due to the need to pursue growth performance in countries with high inflation and a weak position—although the rate has also proved somewhat unpredictable in other countries.

| Country | 1976 | | 1977 | | 1978 |
|-----------------|------|-----|------|-----|------|
| | I | II | I | II | |
| States | 4.5 | 3.7 | 5.1 | 5.1 | 5.1 |
| Germany | 8.7 | 2.9 | 5.7 | 7.5 | 5.5 |
| France | 7.4 | 3.1 | 4.1 | 3.1 | 3.1 |
| Italy | 4.2 | 3.5 | 2.3 | 3.3 | 3.3 |
| UK | 2.5 | 1.5 | 0.3 | 2.1 | 1.1 |
| Spain | 7.8 | 4.2 | 2.4 | 4.2 | 4.2 |
| Other countries | 4.9 | 3.2 | 4.1 | 4.1 | 4.1 |
| OECD | 4.3 | 3.3 | 4.1 | 4.1 | 4.1 |

countries the expansion has remained hesitant and unemployment has continued to rise. The rise in industrial production has recently slowed down again and capacity utilisation rates remain generally low. A surge in international food and industrial raw material prices and the effects of adverse weather on food and other retail prices, pushed the annual rate of increase in OECD consumer prices up to about 11 per cent in the first five months

On this basis, the next twelve months may see a slight deceleration in the growth of the volume of OECD exports to about 7 per cent, while the volume of imports may increase by only about 5 per cent.

The OECD current account deficit deteriorated sharply to an annual rate of \$40-\$45bn in the six months to March of this year. From now until mid-1978 it should steadily decline, perhaps to an annual rate of some \$25bn. Within the lower total there is some prospect—mainly as a result of relative demand movements—that certain long-standing current account surpluses could be eliminated by the middle of next year. But there are others that are likely to remain, or worsen.

On the other hand, non-oil developing countries as a group were in a relatively comfortable financial position last year, because export revenues increased sharply at the same time as foreign borrowing continued at a high rate, they were able substantially to reduce their current deficit and accumulate some \$10bn in reserves. A very strong case can be made that governments will not be over-influenced by short-term considerations. But there is a point beyond which fluctuations around a desired path become deviations which are too big to ignore and if this point is reached, it becomes necessary to alter one or more policy settings.

But any adjustment of policies has to pay full attention to the price-stabilisation aim of the strategy. In many countries, inflation has stopped decelerating and has even accelerated, and although this has been influenced by temporary factors, there could be some risk of a strengthening of inflationary expectations. On the other hand, the extent of the slack in the economy for some time ahead makes it probable that expansion could be somewhat faster than forecast without worsening the outlook for inflation.

| Country | 1976 | | 1977 | | 1978 |
|----------------------|-------|-------|-------|-------|-------|
| | I | II | I | II | |
| States | 1.9 | -3.1 | -1.6 | -1.2 | -1.3 |
| Germany | -4.8 | -2.7 | -4.1 | -4.1 | -4.1 |
| France | -3.5 | -8.4 | -4.4 | -3.1 | -3.1 |
| Italy | -3.7 | 2.2 | 3.2 | 2.1 | 2.1 |
| UK | -3.7 | -1.9 | 1.1 | 1.1 | 1.1 |
| Spain | -2.0 | -3.3 | -1.1 | 1.1 | 1.1 |
| Other countries | -2.0 | -2.7 | -1.1 | -1.1 | -1.1 |
| OECD | -10.1 | -12.4 | -11.1 | -11.1 | -11.1 |
| Developing countries | -14.1 | -34.1 | -3.1 | -2.1 | -2.1 |

reduction in inflation. Because of the persistence of inflation, often coupled with external payment problems, or reinforce stabilisation policies in the majority of member countries have been more cautious than in similar phases of earlier business cycles. But it is clear that in a number of cases the rise in activity has been weaker than intended.

In assessing inflation prospects, it is important to note that the reacceleration of consumer prices in recent months was largely related to temporary supply difficulties, and centred at member countries' price objectives for the year, and not to a general rise in output and domestic consumer prices are forecast to be rising at an annual rate of around 7 1/2 per cent in the first

| Category | 1976 | | 1977 | | 1978 |
|-------------------------|------|------|------|------|------|
| | I | II | I | II | |
| Production | 1.5 | 2.4 | -1.5 | 2.1 | 0 |
| Consumption | 1.8 | 2.1 | 1.4 | 1.0 | 0 |
| Investment | -5.1 | -5.9 | -2.1 | -4.1 | 2.1 |
| Government demand | 0.3 | 0.9 | -3.1 | 1.1 | 1.1 |
| Production prices | 5.2 | 2.3 | 2.1 | 1.1 | 2.1 |
| Wholesale prices | 11.6 | 13.4 | 17.1 | 13.1 | 13.1 |
| Inflation rate (annual) | -7.2 | 6.4 | 30.0 | 18.0 | 16.0 |

atively weak trade within the OECD area, sluggish imports from non-member countries but a strong export performance on the side of the area. In volume terms, trade with OPEC and with non-oil developing countries respectively may move as follows—

Oil imports rose substantially in the second half of 1976 to a level more or less in line with consumption requirements in the first half of the present year. With increases to demand expected to be met increasingly by production inside the area, oil imports over the next twelve months may be much the same as in the second half of 1976. Exports to OPEC should remain their present buoyancy over the period, perhaps, increasing at an annual rate of 11 per cent.

After rising sharply in the second half of 1976, OECD's imports from non-oil developing countries appear to have weakened appreciably and may rise quite slowly up to mid-1978. Exports to these countries, however, are likely to grow rapidly, on the assumption that the growth of their imports rise to match the rise in their exports earnings.

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There appear to be few factors likely to impart a significant stimulus to demand in the months ahead. On the present assumptions, for world trade, growth of gross domestic product would accelerate only very slightly, reaching no more than about 3 per cent at an annual rate in the first half of 1978. The employment rate could be in the neighbourhood of 5 1/2 per cent at the end of the first half of 1978.

The average rise in consumer prices in 1976 and 1977 may be approximately 8 per cent, slowing to an 8 1/2 per cent rate for the first half of 1978. The current account deficit this year may be close to \$4.5bn, against \$6.1bn in 1976.

United Kingdom

Confidence in sterling has improved since the turn of the year, probably influenced by the December stabilisation package and the arrangements for the IMF and Euro-market loans and the BIS credit, but in other areas the picture has been less favourable. The rise in consumer prices has remained strong, the squeeze on real incomes has led to a sharp fall in private consumption earlier this year, other components of final demand remain sluggish and there are substantial net pressures on the pipeline. It is only from the third quarter of 1977 onwards that the rise in consumer prices could begin to decelerate to reach an annual rate of perhaps 8 per cent by the second quarter of next year. This price forecast implies a substantial squeeze on real take-home pay in 1977. The price forecast however is heavily dependent on the technical assumption that average earnings under Phase III will be much the same as under Phase II. The components of domestic demand, except for manufacturing investment, are likely to remain weak. The moderate increase in GDP will come almost entirely from the 1 to 1 1/2 per cent contribution of the real foreign balance. Of this, roughly 1 percentage point is due to North Sea oil. The current account is expected to show a small surplus by the end of this year and it may grow to an annual rate of some \$2.5bn by the first half of 1978. The unemployment rate is forecast to reach about 6 1/2 per cent in the first half of 1978, nearly 1 percentage point above the level of the first half of 1977.

There are important considerations concerning the timing of policy measures. The dangers of further delay before adequate stabilisation policies are applied by the countries where inflation is worse are self-evident. More restrictive measures may be the temptation to enforce such policies before their job is finished. But there are also risks in unduly delaying expansionary action where this is called for in the stronger countries.

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AMERICAN NEWS

Bahamas ruling party returned to power

NASSAU, July 19. PRIME MINISTER Lynden Pindling's Progressive Liberal Party (PLP) swept to victory in yesterday's general election in the Bahamas, taking 29 of the 38 parliamentary seats in official returns. Results were delayed because of four constituencies.

The opposition Bahamian Democratic Party (BDP) won four seats and the Free National Movement (FNM) one, with the two parties expected to pick up an additional seat, bringing the PLP to 33 seats and the BDP to 5 seats.

There were 117 candidates for PLP, 30 BDP, 24 FNM, 4 Socialist and 12 Independent. However, only the three major parties made a showing.

FNM leader Cecil Whiteford was expected to lose his constituency. BDP leader Henry McEwen, who retained his seat, blamed the split in the opposition for his poor showing.

BP acquisition of 50% of Sohio shares postponed

BY STEWART FLEMING NEW YORK, July 20.

THE POINT at which British Petroleum will acquire more than 50 per cent of the shares of its Ohio associate Standard Oil of Ohio (Sohio) has been put back for six to eight months by the explosion earlier this month at pump station eight on the Trans-Alaska pipeline.

BP, in addition to its prospectus, sent recently to the Securities and Exchange Commission in Washington, has also informed the SEC that it probably will take six to eight months before repairs to the pump station are completed. This is only a preliminary estimate.

Without pump station eight operating, it is estimated that the maximum possible output through the line will be only 500,000 barrels per day, instead of the 1,000,000 barrels per day. Since BP's shareholding in Sohio, currently just over 28 per cent, is related to output of oil through the line, it is accepted that the increase in its holding will be slower than before the blow-up.

BP was expected to pass the 50 per cent mark in its Sohio shareholding when throughput reached about 970,000 b/d and was sustained for 90 days. Filing requirements would have postponed implementation of this shareholding agreement for a further 30-40 days.

Now with maximum throughput likely to be only 800,000 b/d until perhaps the middle of next year, BP's shareholding in Sohio is not expected to pass 50 per cent until well into 1978.

The restricted throughput in the line, while it reduces the potential profitability of the Prudhoe Bay pipeline temporarily, does not affect the

Tax deferral for U.S. companies abroad may end

WASHINGTON, July 20. MR. MICHAEL Blumenthal, the U.S. Treasury Secretary, said today that he will recommend that the administration's tax reform proposals, and said that it is likely that the administration will try to end some of the present tax advantages given to U.S. companies operating overseas.

President Carter has ordered a big overhaul of the national tax system to be ready by the end of September. Mr. Blumenthal, answering questions on Capitol Hill yesterday, said that one element in these proposals would probably be the abolition of the so-called DISC tax advantage for U.S. companies abroad.

The acronym DISC stands for Domestic International Sales Corporation, a device by which U.S. companies may escape taxes on profits which are repatriated to DISCs. At present, this saves U.S. exporters about \$1bn a year. But the provision has been criticised in Congress.

However, Mr. Blumenthal said that the tax reform proposals are likely to leave untouched another provision under which U.S. companies may defer taxes on the profits of their foreign subsidiaries until these profits are repatriated. This is calculated to save about \$500m a year.

Iron ore mines stoppage threat

BY OUR OWN CORRESPONDENT NEW YORK, July 20.

THE PROSPECT of a strike that could halt iron ore production in major U.S. iron mines on August 1, is posing a serious threat to the steel industry, according to today's Wall Street Journal.

Mr. Lloyd McBride, the new President of the United Steel Workers Union, has authorised steel union local branches engaged in production in strike on that date if agreement has not been reached by August 1. The industry-wide three year contract was settled in April but it left local issues to be resolved by August 1. Under the experimental contract, no industry-wide strike is allowed. However, union branches can strike on local issues with the approval of the union leadership. This approval has now been granted to the 21 iron ore producing branches.

The union will not confirm, however, that it has issued a strike authorization to a number of other union branches which could be covered by the union's new three year contract. Some steel mills, reportedly, close some steel mills. For the steel industry such closure would be much less significant than strikes at the 21 iron ore branches.

Industry leaders are disputing whether the issue at stake in the iron ore branches can genuinely be classed as local. The key demand from the iron ore branches is for an incentive payment comparable to that for steel mill workers. But management contends that such a payment is a competition issue, which should be covered by the national agreement, rather than a working conditions question.

Seven killed in Peruvian strike

BY HUGH O'SHAUGHNESSY

AT LEAST seven people were killed in clashes during the general strike in Peru on Tuesday, according to Reuters. The stoppage had been called by Communist and Christian Democratic trade unions in protest against the austerity measures decreed by the military government of Gen. Francisco Morales Bermudez and the consequent big jump in the cost of living.

Four youths were killed when they attacked a bus containing marines in a town on the outskirts of Lima. Telecommunications were cut between the capital and the rest of the country.

Despite the fact that strikers halted much of public transport, there was no interruption of power and water supplies.

The stoppage was politically important in that it marked the first open confrontation between Moscow-line Peruvian Communist Party and the Christian Democrats on the one hand, and on the other the military who have been ruling the country since 1968. Hitherto, the Communists and Christian Democrats have maintained correct but wary relations with the military authorities.

There is no sign yet that International Monetary Fund will grant the \$250m facility which the Morales government is seeking so as to be able to meet its debt-servicing commitments. The Fund's attitude to Peruvian requests for help will be watched with interest, as it will be seen as a major pointer to how it will now towards a number of other governments in the developing world which are in balance of payments difficulties.

U.S. housing starts fall

BY OUR OWN CORRESPONDENT WASHINGTON, July 20.

NEW HOUSING starts in the U.S. fell slightly last month, providing some evidence that the recent boom in the construction of new homes, particularly single-family homes, may be past its peak.

But, although new housing starts fell 4.6 per cent in June from the May figure, new housing starts last month were still 23 per cent above the figure for June 1976, and was not very far below the figures for the past four months, which have been the best for about four years.

The number of permits for new building were down only very slightly in May from June, and the Commerce Department reported that at an annual rate starts fell 1.6m in June from the May figure, new housing starts last month works out at an annual building rate of 1.83m homes.

CALIFORNIA'S GOVERNOR BROWN Getting down to business

BY ART GARCIA IN CALIFORNIA

WHEN HE was asked before the last U.S. presidential campaign if he were interested in running for the Democratic nomination, California's Governor Edmund G. "Jerry" Brown Jr. replied tersely that being governor was "enough of a pain in the ass."

Asked during a recent interview in his state capitol office in Sacramento if two and a half years on the job had changed his mind, the 39-year-old chief executive responded with a crisp, "No."

A moment's pause punctuated by a thin, sly grin led to this expansion: "Being governor is a lot of things, depending upon how you feel at any given moment. It's very exciting, very challenging, it's obviously something a lot of people are attracted to." At first reflection, the comment seems vague, fitting the image of mystery which Mr. Brown has cultivated in the first half of his first term.

The words say a lot about the hazy governor. The job of heading the largest state in the U.S. is indeed many things, a fact Mr. Brown seemed to be resisting in the early months after his glossy-woman election. He has thrived on references to his Catholic Jesuit seminary training, his philosophical introspection, his message of "lowered expectations" and "the reminder that we are living in an era of limits."

It was the enigmatic way he talked about being governor and those feelings were reflected in what he said and did, but most importantly in what he did not do. For this thing, he refused to live in the spacious and expensive governor's mansion which private contributions had built during the Ronald Reagan administration. Mr. Brown prefers his \$275-a-month apartment within walking distance of the downtown capitol and where he is said to sleep on a mattress on the floor. Similarly symbolic, he turned down the chauffeured limousine reserved for the state's highest elected official, opting instead for an economic Plymouth.

Government can only do so much, said people had better understand that, was the thrust of these and other well-publicised moves. Funding was not provided for California's Department of Commerce and its Tourism Department, and his agencies died. The state's business community became more vocal in its complaints that California and its governor were "anti-business."

Headlines across the country told of the deteriorating business

environment in the state and the exodus of companies from it. The mood was highlighted by the decision earlier this year by Dow Chemical to abandon plans to build a \$500m petrochemical plant in Northern California after spending two years and \$4m fighting bureaucratic red tape and environmental impact delays.

But now Mr. Brown is shedding his cloak of mystery and working hard to show his concern about the state's economy and the health of its business and industry, while asking what government can do to help. The new-found enthusiasm coincides with public opinion polls which show that while Mr. Brown still is highly popular, Californians more and more are questioning his policies.

Also a matter of timing are the statewide general elections to be held in the year-end realization that now is not soon to begin campaigning. Republicans believe they have found several crucial cracks in the governor's armour, notably his humanitarian but politically harmful veto of a death penalty bill approved by the legislature, as well as the reports of a deteriorating business environment.

Mr. Brown will have to live with his death penalty stand as a critical campaign issue. In fact, Republican legislative leaders are working to prevent an overriding of his veto in the hope of keeping the issue alive as a campaign albatross. The governor has been working in recent weeks, however, to defuse the business climate issue, in addition to his trips several months ago to Japan, and two Japanese car makers and electronics manufacturers to build plants in California, and to New York to assure corporate executives of the state's interest in doing business with them.

The Brown administration is also reversing its policy on the taxing of multinational corporations doing business in California. In April, the governor, at the urging of the state Franchise Tax Board, wrote to the U.S. Senate foreign relations committee, opposing that part of the pending U.S.-U.K. trade treaty which would eliminate such extraterritorial taxes as California's unitary levy. The foreign relations committee is at this moment conducting hearings on the treaty in Washington.

Governor Brown's move is seen as an attempt to lure Japanese manufacturers to California before next year's election. It is the second time Mr. Brown has advocated softening

the tax burden of business. He also has given his support to a legislative Bill that would phase out the state's tax on business inventories.

The chairman of the Franchise Tax Board began hearings this month on the unitary tax after admitting the assessment formula may prove to be inequitable in some cases. More than 100 multinational and interstate corporations were invited to air their grievances at the hearings. As part of the pro-business image building, two of the Brown's administration's top aides appeared to call for changes in California's business taxes, the heads of the Air Resources Board and the Business and Transportation Agency suggesting that foreign or out-of-state operations should not be included when the unitary system is used to calculate business taxes.

"We have no hope of obtaining any major Japanese industry in California without making such changes," testified Brown adviser, Mr. Tom Gunn. Government officials opposed to changing the system argue, however, that California stands to lose \$125m a year in tax revenues if the unitary tax is eliminated and could owe the U.S. Government \$195m. If the treaty with the U.K. is retroactive, that the governor's call for a re-examination of the unitary policy is not necessarily a signal that he has changed his mind. Mr. Gray will be warmly received in California in view of the recent actions taken on the B-1.

Japanese view the unitary tax as a strong impediment to location of plants in California. Also, California's unitary tax has been the Hong Kong Bank of California, a subsidiary of Hong Kong and Shanghai Bank Ltd. of Hong Kong, which claims it pays three times as much corporate tax in California as state or foreign parent companies. An attorney representing the bank bluntly warned that the bank "will move from California unless its franchise tax problems are resolved."

Under the unitary taxation method, the state computes a company's tax on the basis of its worldwide sales, payroll and property and determines the California portion. California is believed to be the only state that applies the tax on subsidiary or foreign parent companies, although about 13 other states have unitary taxes on U.S. companies with interstate or foreign operations. The California business inventory tax is said to be an impediment to the siting of manufacturing plants in the state and many companies with headquarters in California establish their warehouses in neighbouring states where inventories are not taxed.

In working to sharpen his image among business leaders and taxpayers, Governor Brown recently also discovered the aerospace industry. Asked why he had not lobbied in Washington for approval of the B-1 strategic bomber that was to have been built in California before it was cancelled by President Carter, Mr. Brown said it was an issue he left to Congress and the President to decide, and besides, he had not been asked to give his support.

Now, it's almost as if the governor has been swept up in the craze over the new science fiction film "Star Wars." His system is used to calculate business taxes.

Space exploration and development are critical to the country and to California," the governor said in telegrams sent to key Congressmen, adding that "jobs created by such funding will be warmly received in California in view of the recent actions taken on the B-1."

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OVERSEAS NEWS

A FINANCIAL TIMES SURVEY VENEZUELA SEPTEMBER 30, 1977

The Financial Times is preparing to publish a survey on Venezuela and the main headings of the proposed editorial synopsis are set out below.

INTRODUCTION Venezuela after the nationalisation of its oil industry: President Perez and the problems of affluence.

OIL PRODUCTION The experience of Petroven since nationalisation: prospects for new sources of crude from the Orinoco tar belt and from offshore deposits: an examination of management and labour relations.

OIL MARKETING The international selling strategy of Petroven; the position of Venezuela after the establishment of a two-tier system of prices by OPEC.

BANKING The growth of domestic banking: the importance of Caracas as an international financial centre.

MINING Prospects for the iron ore industry and for coal production: Venezuela's gold and diamond output.

STEEL The results at Sidor, Venezuela's principal steel plant: plans for development of a new industry in Zulia.

ECONOMY (1) Dealing with very much increased government revenue: production and inflation indices.

ECONOMY (2) Record oil receipts have been accompanied by record import figures: the growth of reserves and their management.

AGRICULTURE Government plans for reactivating the farm sector: progress in the production of food.

TRANSPORT Plans for the development of a rail network: the airlines and their record: how shipping and the ports handle the present flood of imports: plans for further shipyards and/or a Venezuelan tanker fleet.

ADVERTISING The development and penetration of the media has opened up big new opportunities for the industry in a period of affluence.

NUOVA ESPARTA The prospects for development of Venezuela's offshore tax free holiday resort.

The proposed publication date is September 30 1977. Copy date is September 12 1977. For full details of the synopsis and advertising rates contact: Helen Lees, Deputy Overseas Advertisement Manager, Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF. Tel: 01-248 8000 Ext. 238. Telex: 885033 FINTIM G.

P. Caramian, Apartado 60998 (Chacao) Caracas. Tel: 283 5401.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Moroccans fly to help Mauritania repel Polisario

BY OUR FOREIGN STAFF

MOROCCO HAS flown 600 troops to the desert mining centre of Zouerate in north-western Mauritania to help in defence against attacks by Polisario guerrillas.



MOROCCO HAS flown 600 troops to the desert mining centre of Zouerate in north-western Mauritania to help in defence against attacks by Polisario guerrillas. This division has been contested since by Polisario guerrillas. Morocco has had troops stationed in northern Mauritania towns for some months, but this direct intervention is to counter the Polisario strategy of putting pressure on the weaker ally, and this reflects Morocco's concern about Mauritania's weakness.

der with the former Spanish colony of Western Sahara. In February last year, the area was ceded by Spain and divided between Morocco and Mauritania. This division has been contested since by Polisario guerrillas. Morocco has had troops stationed in northern Mauritania towns for some months, but this direct intervention is to counter the Polisario strategy of putting pressure on the weaker ally, and this reflects Morocco's concern about Mauritania's weakness.

Mauritania's armed forces have quadrupled in the last year or so to more than 12,000 and, as a result, most of them are inexperienced, and are overstretched by having to police a vast desert area twice the size of France. This has made them particularly vulnerable to Polisario infiltrations which have included, besides the assaults on Zouerate, two attacks on the capital Nouakchott. In addition, the increase in defence spending has meant the halting or postponing of several development projects.

The attack on Zouerate has a second motive—to draw attention to the problem of Western Sahara in advance of a special African summit due to be held in Mauritania next October. Polisario has yet to obtain full official observer status. The airlift follows consultations over the week-end between King Hassan of Morocco and Mr. Hamdi Ould Mouknass, the Mauritanian Foreign Minister. Polisario has re-organised its Mauritania defence organisation. Colonel Ahmed Ould Bouceif, the former chief of staff, was appointed to command the northern part of the country, including Zouerate, and the Vind Ould Mayouf, the southern region of Western Sahara.

Libyan loan for Tunisia

BY TANYA MATTHEWS

TUNIS: July 20.

LIBYA HAS unfrozen a \$50m loan accorded to Tunisia in November 1973, to finance a number of industrial and tourist projects. The agreement had been frozen for over three years because of the all-time low in Tunisian-Libyan relations following the abortive attempt at a union between the two countries in January 1974.

Foreign Office. The loan is divided into two parts. One part will finance development projects in the south. In 1973 Tunisia had plans to build a railway line connecting its industrial port of Sfax with Tripoli and the project might now be revived. The second part of the loan goes to develop tourism in Tunisia. Only a month ago, Tunisia and Libya narrowly escaped an armed clash in the Gulf of Gabes in a dispute over the limitation of the Continental shelf, but it now looks as if Tunisia is well on the way to mending its fences with both its neighbours, Algeria and Libya.

Sri Lanka's leaders appeal for calm

BY MERJYN DE SILVA AND K. K. SHARMA

COLOMBO, July 20.

FEARS that there could be an outbreak of countrywide violence after the results of the general election are announced on Friday has prompted the Government and the leader of the opposition to issue a special appeal to all citizens to extend "maximum co-operation" to police to ensure there are no violent incidents.

Mr. William Gopallawa, Sri Lanka's president, issued the special notice in the names of Mr. Sirimavo Bandaranaike, the Prime Minister and Mr. J. R. Jayewardene, the leader of the main opposition party. The appeal has been supplemented by another one signed by the island's two highest ranking Buddhist venerables and by Christian bishops. It also calls for restraint and no violence following the elections. Over 70 people have been killed or seriously injured during the election campaign—one of the most bitterly fought since independence. The violence has raised fears of a recurrence of the agitation that led to the 1971 insurgency which was led by radical discontented young people.

Mr. Jayewardene, the opposition leader, meanwhile has called for a "grand coalition" of all political parties. This is despite the fact that he is confidently predicting that his United National Party would gain an overall majority in the elections. The party currently holds 17 seats, but the 71-year-old opposition leader said his "conservative estimate" was that his party would win 100 of the 16 seats in the assembly.

Key role for the young in a confused election



Mrs. Sirimavo Bandaranaike... the crowds melt away.



Mr. J. R. Jayewardene... promises of reform.

SMALL BLUE flags fluttered in the small bazaar of Baddegama as a thousand or so villagers watched a gesticulating figure on a rostrum—the only visible signs of an election meeting in Sri Lanka where posters, bunting and slogans are banned. For more than an hour the rural audience heard successive speakers. Finally, Mrs. Sirimavo Bandaranaike rose to speak in a monotonous voice, barge after a month's campaigning. After five minutes, the crowd stirred and then slowly melted away. By the time the Prime Minister finished her 20 minute speech, less than half the original crowd remained.

This is no isolated instance. The same happened at Mahara, a village of 71,000, where the drawing lessons from the results slowly drifted away five minutes after Mrs. Bandaranaike began her speech. Embarrassed workers of the ruling Sri Lanka Freedom Party said that during Mrs. Indira

this group will be much sought after. Already both the SLEP and the UNP have put out feelers to Tamil leaders. But the Tamils are demanding their own separate State—Tamil Eelam—he formed in the northern part of the island. The demand for a further serious threat to the Government. Because of the three-cornered contest it is on the cards Sri Lanka may have to contend with yet another coalition. This would deprive it of its strong, stable rule it so badly needs. Labour unrest has been growing—although Mrs. Bandaranaike claims the unions are trolled by the United Left Party and the UNP are deliberate creators of trouble. The number electoral chances. This is not likely. Unloading of bringing what the opposition calls "election-for-kids" has emerged because the country's dependence on ports (although as in a third world countries, there is a flourishing black market) is such that such as doctors and communication workers are symptomatic of unrest and political discontent that has been simmering some years and which erupted during the month-long railway strike that Mrs. Bandaranaike quelled but which left a bitterness. It deprived of support from her Left partners as well as some of Ministers who, possibly in the writing on the wall, the Government and dealt a blow from within.

Whether this will be more will soon be known. It is clear that the ruling party is tarnished by failures of policy and by scandals, and these are bound to affect its election prospects. Mrs. Bandaranaike is a statesman and can be expected to start manoeuvres to re-assert power.

K. K. Sharma reports from Colombo

satisfied their curiosity some of the crowd left. But the crowds are melting away much as Mrs. Bandaranaike's left-wing coalition partners—the Communists and the Trotskyite Lanka Sama Samaja Party—drifted away, forcing her to call an election after more than six years of emergency rule.

Mrs. Bandaranaike is plainly on the defensive in electioneering that has degenerated into unedifying charges and unfair tactics like withdrawal of helicopter facilities to the Opposition.

This nonetheless seems to delight the radical young in the electorate. The 1.5m who will be casting their vote for the first time in an electorate of nearly 7m, are likely to have a crucial impact on the outcome. Many of them are unemployed, restless at the island's stagnant economy and disenchanted with the tattered Left-wing slogans of the existing parties. In 1971 their discontent came to a head in the insurgency which Mrs. Bandaranaike put down only by coiling in foreign help and clamping a state of emergency. That revolutionary movement—which resulted in a break in the country's post-independence tradition of democracy—have resurfaced in the campaign.

Among the young, the leader of the insurrection, Mr. Rohano Wijeweera, has become a liberation hero with his People's Liberation Front fielding its own candidates. He himself is still in prison as a result of the life sentence he received after the collapse of the insurrection. But such is his popular appeal that Mr. J. R. Jayewardene, the aged leader of the conservative opposition United National Party, has promised to review the sentence if his party comes to power. The promise indicates the trouble in store for any Government unable to fulfil the clamorous demands of youth.

Mrs. Bandaranaike extended the emergency. But her socialist experiments of recent years—nationalisation of the large plantations, modified land reform and threats to take over the foreign banks—have left little impact on an economy still basically dependent on agricultural products such as tea, rubber and coconuts. Her Government became increasingly autocratic. As Mr. Jayewardene has ceaselessly pointed out since the election was called 40 days ago, a kind of "family rule" set in. A booklet entitled "the family tree" is circulating clandestinely, showing a tree whose leaves are marked by official posts held by the Prime Minister's relatives. "JR" of the UNP leader is popularly known, as a success story and he has been canvassing hard, promising clean government and making it a

Kaunda replaces premier

By Our Own Correspondent

LUSAKA, July 20.

FACED with serious economic problems and growing tension on his southern border, President Kenneth Kaunda of Zambia carried out his second government reshuffle in four months after dismissing his Prime Minister and bringing one of his staunchest supporters, Mr. Moisoa Chona, back to the prime ministry.

Mr. Chona, a 47-year-old veteran of Dr. Kaunda's United National Independence Party, was Zambia's first Prime Minister after the landlocked nation became a one-party state in 1972 and the post was created. He held the portfolio from 1973 to 1975, when he resigned in somewhat mysterious circumstances—President Kaunda said at the time he could not understand why—and handed over to Mr. Elijah Mudenda, who lost the job to-day but retained UNIP central committee membership. Another central committee member, Mr. Daniel Lisulo, a prominent Lusaka lawyer, moved into the legal affairs ministry. Mr. Chona had been occupying since 1975.

Most recently, Mr. Chona, a former vice-president, Ambassador to the United States and holder of several Cabinet portfolios, had been co-ordinating the preparations Zambia is making for legal action against BP, Shell, Caltex, Mobil and Total for alleged Rhodesia sanctions-busting.

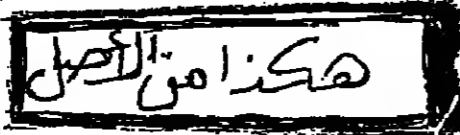
While the Presidential statement announcing the reshuffle gave fulsome praise to Mr. Chona's loyalty and humility as a national leader, it did not specify why the alterations had taken place. Official sources indicated that President Kaunda was now making an earnest effort to strengthen the Government line-up following some criticism of his handling of domestic affairs, and the reshuffle could well turn out to be only one of a series of modifications he plans in future to make to the Cabinet and the all-powerful central committee. Recently, Mr. Mudenda was singled out publicly by the President at a Press conference and ordered to prepare a report on chronic food shortages on the volatile copperbelt which has been grabbing much of the political limelight in Zambia but little has since been heard of the report.

You don't have to be an elephant to remember the times of our Jumbos to New York.

Table with columns for LONDON and NEW YORK, and rows for DEPART and ARRIVE times for MON, TUES, WED, THURS, FRI, SAT, SUN.

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relax in our famous Persian Room and sip tea served from the only samovar in the sky. But whichever class you fly you'll get first class service when you land. Because Iran Air use JFK's Worldport terminal, one of the most advanced in the world with its own passport control and computerised baggage handling system. Plus a customs area that's just 12 yards away from the cab rank. So next time you've got business in New York, remember Iran Air. And get a flight you'll remember.



World Trade... Tow ship... Irania... Liberia... Yen loan... Libel action...

WORLD TRADE NEWS

Arrow shipyard wins \$55m. Iranian contract

BERT GRAHAM

TEHRAN, July 19.

(SHIPBUILDERS) spent the last two weeks in of negotiation between Britain and Iran. The vessels, over 300 feet in length and with a 2,500 ton displacement will be equipped with a sophisticated hospital complex, helicopter facility and extensive communications equipment. They are designed for multi-purpose roles including disaster relief, military duties and general cargo transportation. The contract price is somewhat lower than originally thought but apparently the \$55m. price tag excludes naval guns. Construction of the first vessel will begin in November and the first launch is expected early in 1978. Delivery of all four vessels should be completed by mid-1981. The Yarrow contract is the first to be signed of a series of military deals, totalling about \$300m, now in an advanced stage.

Roy Rogers adds: Commenting on the order, Sir Eric Yarrow said yesterday "It is particularly satisfactory to have a repeat order of such a size—the largest single export order received by Yarrow (Shipbuilders). He saw the order, which takes the company's order book to over £150m., as "an indication of the continued confidence in us of one of our most valued customers." Yarrow is currently building three Type 22 frigates for the Royal Navy and is hoping to receive an order for a fourth Type 22 shortly. Two are currently being fitted out at the Scotstoun yard, along with two Type 21 frigates, and the third Type 22 is due to be launched next year.

Protest over U.S. preferences

BY ROGERS

AN AND Japanese shipyarders expressed their concern at unilateral preference moves contemplated by the U.S. They decided to send evidence to the House of Representatives and the Senate. The Council will be based on claims that cargo preference moves from the U.S. would almost certainly spark off similar measures by other countries with highly inflationary results. Broadly similar cargo preference proposals were defeated in the Senate in 1972. When reactivated in 1973 and 1974 they were passed by a handful of votes—only to be vetoed by the then President Ford.

He hopes that it was not too late for wise counsels to prevail, adding that the council would submit written and, if necessary, oral evidence to the U.S. House of Representatives and the Senate. The council will be based on claims that cargo preference moves from the U.S. would almost certainly spark off similar measures by other countries with highly inflationary results. Broadly similar cargo preference proposals were defeated in the Senate in 1972. When reactivated in 1973 and 1974 they were passed by a handful of votes—only to be vetoed by the then President Ford.

That vote was exercised on the grounds of additional costs that would have been passed on to the U.S. consumer and of the international implications of such a move. President Carter, in his election campaign, promised to ensure U.S. shipping a "fair share of all types of cargo." Although he has watered down the cargo preference demands from 30 per cent. to 8 per cent. he would appear to be fairly strongly committed to the preference principle. Should the legislation be enacted, its immediate effects will be minimal, as U.S. flag vessels already carry almost 4 per cent. of America's oil imports. The construction of more tankers, at a time when many such vessels are idle, will exacerbate the world tanker crisis, however.

Liberian flag safety move

BY OUR SHIPPING CORRESPONDENT

UNCIL believes that once a flag is established, the cost of cargo reservation is fairly easy to push out and possibly extend her sectors, especially cargo imports.

TOUGHER SAFETY rules for oil tankers flying the Liberian flag of convenience are to be implemented by the Liberian Bureau of Maritime Affairs. The move, prompted by the Liberian Shipping Council, includes a recent inspection of Liberian flag vessels, the establishment of a world-wide computerised information system to identify vessels as they come due for regular inspections and the inauguration of spot checks by the marine administration's inspection force which is being expanded.

These proposals are the Liberian Government's response to a series of recommendations proposed in April by a task force of the Liberian Shipping Council following the adverse publicity which resulted from a series of accidents involving Liberian flag tankers in and near U.S. coastal waters.

Headlock likely in MFA talks

GENEVA, July 20.

RENEWING an inter-continental agreement remain to end in dead-end by Friday because of differences between the EEC and the World Exporting Forum sources quoted said today.

Our New Delhi correspondent adds: The Indian Prime Minister Mr. Indira Gandhi is expected to make a direct approach to the European Economic Community to seek an end to the restrictions imposed by the EEC on ready-made garment imports from this country. The Commerce Minister, Mr. Mohan Dharma, told the Indian Parliament that the intervention had become necessary because of the EEC's unhelpful attitude.

Members arguing that India's industry engaged in the garment industry were threatened with unemployment and that the industry stood to lose Rs.350m. The Commerce Minister informed the two houses that EEC had unilaterally ended the June 1975 agreement that put no quota restrictions on imports by the member countries on handloom fabrics and goods. India has raised the issue with the Textile Surveillance Body of GATT most reluctantly, the Minister told agitated Lok Sabha members. It was also his hope that the GATT verdict would be in India's favour and that the earlier agreement would be renewed by end of the year when it is due to lapse. The EEC accounts for 27 per cent of India's Rs.7bn. textile trade.

Sweden considers curbs

WALKER

STOCKHOLM, July 20. DISH Government is considering limitations on commodity imports, according to a business magazine. The magazine reports that the Government is studying means of controlling steel imports in such a way that they would not affect other considerations. The import of steel from Sweden during the first quarter of this year was 10 per cent compared with the first quarter of 1976. Steel suppliers share net rose from 49 to 51 while Swedish steel exports fell by 8 per cent during the first quarter.

Yen loans for ASEAN

TOKYO, July 20.

JAPAN HAS virtually decided to extend yen loans equivalent to \$1.5bn. to finance five industrial projects planned by the Association of South-East Asian Nations (ASEAN) according to a Japanese newspaper Yomiuri-Shimbun. It quoted sources close to Prime Minister Takeo Fukuda as saying the decision was yet to be made but the loans total would be the full amount requested by ASEAN, which groups Singapore, Malaysia, Indonesia, the Philippines and Thailand.

It means that the number of passengers handled, which had gone up 4.5 per cent to 8.3m. in 1976, should be rising by an average of about 7 per cent annually so that a figure of 8.9m. is expected in 1982. As larger aircraft are being used, the number of aircraft movements will go up more slowly, by an average of 2.7 per cent. They amounted to 132,900 in 1976 and should reach 160,000 in 1982. The airport authority said here today that under existing plans, a fifth runway should be in operation in 1980. There is much resistance locally to the building of the runway.

ECGD guarantee

Times Reporter. Credit Guarantees announced it is a new form of bank. The Comprehensive Guarantees Bank Guarantee, guaranteed by the policyholders—our total of about 30 who make consideration of the Comprehensive Guarantees for a period of two to five years. Finance for such business negotiated with a case-by-case basis.

Libel action over patents

BY IAN HARGREAVES

THE LONG-RUNNING dispute over patent rights for spherical liquid natural gas containers between Sener, the Spanish engineering company, and Moss Rosenberg, the Norwegian shipbuilder, has become the subject of a libel action in the U.K. The two companies are already locked in suits against each other in Spain over the straightforward question of patents in other countries' designs. The action is the result of a statement by the trade Press by Moss Rosenberg. In this 1,200-word statement, Moss accused Sener of plagiarising his design. Another development yesterday was the announcement that the Sener system had been granted patent protection in West Germany—a decision which Sener is taking as further support for the originality of its design, as the German authorities

Siemens in Venezuela

Siemens has received an order worth DM.22.7m. from the firm CVG Electrificación del Caroní of Venezuela C.A. to deliver one of five water powered generators for the extension of the hydro power station Guri in 1981. Siemens is a partner in the consortium which includes Hitachi, Mitsubishi Electric and Tokyo Shibaura Electric (Toshiba).

GE pledge on aero engine

By Michael Donne,

AIRLINES AND aircraft manufacturers who have been showing interest in using the new Franco-U.S. CFM-56 civil aero engine have been given an assurance by General Electric of the U.S. that the engine will continue in development and that its cost will not rise, in spite of the recent cancellation of the B-1 bomber. The CFM-56 is a joint development by SNECMA of France and GE. Much of its technology is based on the military F-101 engine, also built by GE, which was the engine used in the supersonic B-1 bomber originally intended for the U.S. Air Force.

By cancelling the B-1 recently President Carter effectively cut back sharply General Electric's F-101 engine development programme. This raised fears among prospective users of the CFM-56 that this engine would be robbed of much of its development background. They also felt that in order to compensate the cost of the cancelled B-1, the price of the CFM-56 would rise to a level that would make it unattractive to users. Mr. Gerhard Neumann, vice-president of GE's Aircraft Engine Group, has now stated that GE itself will absorb the increased development costs of the CFM-56 resulting from the loss of the F-101 engine background experience. He made it clear, too, that GE would continue fully to support the CFM-56 programme.

The engine is already being flight-tested in a Caravelle and in the U.S. McDonnell Douglas YC-15 Advanced Transport. It has also been designated by many aircraft manufacturers for future airliner programmes.

Boeing

These include British Aerospace in the U.K., which specifies the CFM-56 for the X-Eleven project, and Aero Spatiale of France, which specifies it for the A-200 design—both short- to medium-range designs for the future. Meanwhile, Boeing of the U.S. is developing a new version of its highly successful 707 jet airliner, using four CFM-56s. This is due to fly next year.

The world market for the CFM-56, therefore is potentially so great that GE believes it is well worth while to pick up the additional development costs resulting from the loss of the development experience that would have been gained from the F-101.

Mr. Neumann stresses that the CFM-56 programme will remain on schedule, with the engine expected to get its Airworthiness Certificate later this year.

International Aerial (IAL), the Southall-based aviation and communications technical services group, which is owned by British Airways, and 31 other major airlines, agreed a price trading profit of \$2.5m. in 1976, against just over £2.1m. in 1975.

The turnover amounted to a record £75m., against £55m. in 1975. The IAL annual report says this result was mainly due to overseas operations, which brought in 51 countries where over 90 per cent of the group's revenue is earned.

Mr. Stephen Wheatcraft, chairman of IAL and a director of the British Airways Board, says that in 1977 opportunity will be taken to explore new foreign markets.

Schiphol steps up fight against new airport

AMSTERDAM, July 20.

SCHIPHOL, the Netherlands' main airport, has published new, much-reduced passenger and freight traffic forecasts for the six years to 1983 which support its standpoint that a second national airport will not be needed for a couple of decades. It reckons that the number of passengers handled, which had gone up 4.5 per cent to 8.3m. in 1976, should be rising by an average of about 7 per cent annually so that a figure of 8.9m. is expected in 1982. As larger aircraft are being used, the number of aircraft movements will go up more slowly, by an average of 2.7 per cent. They amounted to 132,900 in 1976 and should reach 160,000 in 1982. The airport authority said here today that under existing plans, a fifth runway should be in operation in 1980. There is much resistance locally to the building of the runway.

Earlier traffic forecasts—made in 1972, a year before the energy crisis, and drawn up by the airport, KLM and the civil aviation authority—put the number of passengers to be handled in 1980 at 20m., compared with the present estimate of 10.5m.

The revised estimate means that the airport should reach full capacity between 1995 and 2000 (the previous forecast was 1985). Its passenger handling capacity was raised by 18m. in April 1976, the decision having been taken before the decline in the growth of air travel started. As for air freight, Schiphol Airport Authority said that the average annual growth for the six-year period would be an optimistic 9 per cent. The tonnage handled—256,000 in 1976—should rise to 472,000 by 1983. A further expansion of the handling facilities would be completed before the end of this year.

HOME NEWS

Concorde Washington flights up to 6 a week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS, while waiting for permission to fly that in spite of having to pay an additional 20 per cent on normal first-class fare to fly preference for speed, in spite of the extra cost, by travelling to Washington rather than New York to make his Atlantic crossing. British Airways also announced yesterday that it has taken delivery of its fifth Concorde, completing its order worth over £150m., including spares and associated support equipment, including a training simulator. The airline remains confident that it will eventually win rights for Concorde to land at Kennedy, although it recognises that this may still be some months away because of the legal complexities surrounding the Port of New York's objections to the aircraft. It is for this reason that BA is now considering expanding its route network, by flying Concorde to Singapore—by agreement with the Singapore Government and Singapore Airlines. It hopes that flights to Singapore can start this autumn, and that through its refusal even to permit Concorde trials.

The BA decision also shows a passenger coming from the American West Coast or Midwest is clearly showing his preference for speed, in spite of the extra cost, by travelling to Washington rather than New York to make his Atlantic crossing. British Airways also announced yesterday that it has taken delivery of its fifth Concorde, completing its order worth over £150m., including spares and associated support equipment, including a training simulator. The airline remains confident that it will eventually win rights for Concorde to land at Kennedy, although it recognises that this may still be some months away because of the legal complexities surrounding the Port of New York's objections to the aircraft. It is for this reason that BA is now considering expanding its route network, by flying Concorde to Singapore—by agreement with the Singapore Government and Singapore Airlines. It hopes that flights to Singapore can start this autumn, and that through its refusal even to permit Concorde trials.

Another feature of the Concorde Washington service is that while some passengers do come from the New York area, the majority are coming from or going to other parts of the U.S. It is increasingly common to see flights to Eastern seaboard airports is essential anyway.

Labour group attacks inequality in National Health Service

A LABOUR working party yesterday described Britain's health standards as "savagely unequal" with three-quarters of acute hospitals "technically obsolete."



Mrs. Barbara Castle, chairman of the working party, yesterday.

About three-quarters of the country's acute hospitals are technologically obsolete by the criteria used in Europe and the U.S. So was a high proportion of the accommodation for the care of the mentally ill, mentally handicapped and the elderly. There have been dramatic changes in the technological requirements for an acute hospital, a complete re-thinking of the function of primary care and the development of new patterns of services for the mentally ill, handicapped and elderly which require wholesale replacing and redecoration of buildings," it says. A capital budget of at least 50 per cent higher than that recommended in a consultative document issued last year, was needed to modernise or replace buildings over a 20-year period. Prescription charges should be the first to go, and the report adds: "We are resolutely opposed to charges in the NHS. Taxation should be the primary source of money for the NHS and the report rules out insurance schemes and charges on the users of the NHS as alternative means of financing."

It suggests that all NHS charges be abolished and says: "The main objective for health policy over the next quarter of a century should be to narrow substantially, if not eliminate, the gap in health standards between parts of the United Kingdom which are between different social classes." The 59-page report, prepared by a working party chaired by Mrs. Barbara Castle the former Health Minister goes on: "The NHS and the personal social services are under-financed, and have always been under-financed, compared with comparable services. More needs to be spent both to replace obsolete buildings, to raise standards of care and to develop preventative services."

The Government "is not necessarily committed" to the reports proposals, Mr. David Pannal, Secretary for Social Services, stressed. The cost of the National Health Service in Scotland last year rose 32.5 per cent on the previous year, according to the annual report published yesterday. It all, £5,811m. was spent last year against £4,466m. in 1975.

The Government "is not necessarily committed" to the reports proposals, Mr. David Pannal, Secretary for Social Services, stressed. The cost of the National Health Service in Scotland last year rose 32.5 per cent on the previous year, according to the annual report published yesterday. It all, £5,811m. was spent last year against £4,466m. in 1975.

Wages safety line 'below 15%'

BY MICHAEL BLANDEN

THE AVERAGE rise in earnings last Friday, was a "non-event" financially, he says. The concession, though differently arranged, were precisely the same in total value as those proposed in the March Budget. "Everything is unchanged including public sector borrowing requirement and the monetary targets," Mr. Posner argues, "except that the keystone of the edifice is missing." He maintains that nothing has been added to the Government's policies. "There is no new discipline, no new will, no new momentum to reduce the rate of inflation. Mr. Posner suggests that one danger is that the resulting increase in the country's income would be wasted by being used to finance our idleness rather than to increase our prosperity."

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GLOVES OFF IN THE SUPERMARKET WAR Breaking the unwritten rules

BY ELINOR GODMAN, CONSUMER AFFAIRS CORRESPONDENT

CARREFOUR, the Southampton in the local Tesco and £15.38 hypermarket, is taking the gloves off in the advertising war between supermarkets in the food retailers in the vicinity, South of England by breaking many of the Queen's sherry rules of media heavily to boast about food advertising. It is to use their prices at the moment. "knocking copy" in new Press advertisements comparing the claimed that its prices are cheaper across the board than an average shopping basket of those of any supermarket, has a grocery list with those charged in based its claim on the BBC's named supermarkets, such as Tesco. The campaign comes six weeks after Tesco precipitated a big increase in supermarket advertising expenditure by dropping Green Shield trading stamps and putting the money saved into heavily promoted price cuts. It £13.63 as against the average opening of a new Sainsbury's near Southampton £15.95. It goes on to quote the prices paid by Carrefour researchers for the same shopping basket in claim the same goods that cost £12.63 in Carrefour cost £14.72 in area.

On this basis, Tesco came out second cheapest. Worst was Sainsbury, which was charging £15.50 in its Chandlers Ford store. Carrefour, which yesterday proudly displayed to journalists shopping trolleys filled with its competitors' more expensive goods, bought the contents of the BBC shopping basket in another five supermarkets besides those quoted in its advertising. Of all those monitored, International Stores which took on some of the Green Shield stamp franchise dropped by Tesco, was found to be the most expensive at £16.01. Virtually all the big supermarket groups make claims about their prices in their advertising, many of them featuring the week's special offers. But until now most have refrained from comparing their own price with those of their competitors. The nearest they have got has been comparing their prices with

some well-known index of food prices. The feeling seems to have been that direct comparisons with other supermarkets' prices can be dangerous as they can be undermined by retaliatory price-cutting. In addition, it is virtually impossible to make valid comparisons on a national basis as all the big supermarket chains operate more than one price list. Carrefour, which claims not to have lost any business since Tesco adopted its new prices policy, said yesterday that it had decided to adopt the new advertising approach in an attempt to "cut through the plethora" of advertising claims made about prices by other supermarket groups. In the Southampton area, it said, Tesco's move had not precipitated a price war as much as an advertising war, with all the big supermarket chains stepping up their promotional expenditure.

Skytrain bid to ease U.S. curbs

By Our Aerospace Correspondent

U.K. AIRLINES are already moving to implement some of the benefits they will get from the new Anglo-U.S. air services agreement due to be signed in Bermuda on Saturday. British Airways has applied to the Civil Aviation Authority to add Seattle and Dallas-Fort Worth to the list of places it serves in the U.S. British Caledonian has announced that it plans to start flights to Houston, Texas, on October 23 and has also asked for rights to Dallas-Fort Worth.

At the same time Laker Airways, which under the new pact becomes the second British designated airline for the London-New York route (after British Airways), is asking the CAA to improve the terms of its existing licence to run low-fare Skytrain flights between the two cities. The existing Skytrain licence allows Laker to carry 345 passengers on each flight in the summer and 189 in winter. Laker is now seeking permission to carry the full 345 passengers on every flight, regardless of season. It also seems likely that Laker will be seeking the support of the CAA and the U.K. Government in getting some of the U.S. restrictions placed on Skytrain removed. These include, particularly the U.S. ruling that the Skytrain be a one-year experiment only.

Laker's view is that if it is the properly designated U.K. airline to New York under the new agreement, the U.S. cannot impose such restrictions upon it. The primary destination, under the pact, provides for equality of operating opportunity, which Laker clearly does not have at present. It seems likely, therefore, that before Skytrain starts operating in September, there will be a move by the U.K. to get at least some of the restrictions removed. The fight between British Airways and British Caledonian for rights to Dallas-Fort Worth is likely to be bitter. British Caledonian believes strongly that the U.K. negotiators did not give adequate consideration to the route. British Caledonian says this will cut some £5.5m. off the revenue from its route to nearby Houston in the first year alone.

The pact provides for a U.S. airline to serve the Dallas-Fort Worth to London route exclusively for three years, before any U.K. airline can come onto the route. British Caledonian says this will cut some £5.5m. off the revenue from its route to nearby Houston in the first year alone.

Co-op Bank to build £4m. office

By Rhys David, Northern Correspondent

WORK IS to start next week on a £4m. office block for the Co-operative Bank to rehouse its headquarters in Manchester. The building due to be completed in late 1979, will have a floor area of 115,000 square feet and will comprise a banking hall, computer centre and five floors of offices.

The development is on land already owned by the bank's parent, the Co-operative Wholesale Society, in Corporation Street, Central Manchester. It will be part of a 1m. square feet office development for which the Co-operative Bank has planning permission. The project is the latest in a series of moves made by the Co-op to rehouse its main administrative functions in Manchester. The building contract has been awarded to Henry Boot Construction. In another Manchester property development, the Post Office North West Telecommunications Board has bought for £3.75m. Victory House, a 200,000 square feet office block in London Road, from the Isle of Man-based property developers Jongro.

HOME NEWS

Pedigree Petfoods cleared in monopolies' report

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE MONOPOLIES Commission yesterday cleared Britain's two biggest petfood manufacturers of exploiting their monopoly position in the petfood market and praised Pedigree Petfoods for its efficiency. The report, which was only notable for its almost total lack of criticism, found that monopoly conditions existed in the industry in that Pedigree Petfoods accounted for about 50 per cent of the combined cat and dog food markets and Spillers Foods about 30 per cent. Yet it concluded that neither company was abusing its position in such a way as to operate against the public interest. An investigation, which has taken two years, confirmed that Pedigree Petfoods was making a very high return on capital employed but a relatively low return on sales. On a historic cost basis, Pedigree Petfoods, which is a division of the American-owned Mars group, made an average return on capital of 44.0 per cent between 1972 and 1976. During the same period, its profit on sale averaged 7.1 per cent on historic costs. The Commission concluded that the company's high profits did not result from exploitation of the market but rather from its high level of efficiency. Pedigree Petfoods, it said, derived great advantage from its use of capital and financial control of prices tended to move together with Pedigree. Petfoods taking the initiative and Spillers and the other manufacturers following suit. But it did not consider the price movements between 1970 and 1976 suggested uncompetitive behaviour by either of the major companies. Spillers had told the Commission that it would have increased its prices further but for Pedigree Petfood holding it down. Similarly, the Commission cleared the two major manufacturers of exploiting their monopoly power to prevent other companies entering the market. The Commission made no recommendations in its report and the Government does not intend taking any action. Mr. Walker Dickson, managing director of Pedigree Petfoods, said yesterday that the report had confirmed that the companies practice and performance were consistent with the public interest. The Monopolies and Mergers Commission's report on Cat and Dog Foods, House of Commons Paper 467, 50 £1.00.

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a kind "exceptional among large companies in this country." Consequently, it saw nothing in Pedigree Petfoods' rate of return on capital employed which was adverse to the public interest. The report showed that Spillers was making lower profits on petfood than its major competitor with an average return on capital in the four years ending January 31, 1976, of 19.2 per cent and an average return on sales of 6.4 per cent.

Consumer protection group wants price and VAT quoted

BY OUR CONSUMER AFFAIRS CORRESPONDENT

PROPOSALS for a complete ban on the practice of quoting prices exclusive of VAT have been rejected by the Consumer Protection Advisory Committee. The body set up to filter proposals made by the director-general of Fair Trading before recommending changes in the law. Instead, the committee has recommended that where prices are quoted exclusive of VAT, the amount of extra money needed to cover it should be clearly stated. A minority of two on the committee also disagreed with the committee's final recommendation that there should be a distinction between advertised prices and those quoted in an estimate for a job. In the opinion of these two members of the committee, all prices followed by an indication of the rate of VAT should be accompanied by a clear indication of the rate of VAT. This would remain a local responsibility. Other main proposals include: 1. Pilotage certificates for masters and chief officers of EEC countries. 2. Existing exemption from compulsory pilotage for fishing vessels and those owned by port authorities should be examined. 3. The pay and pensions of Britain's 1,600 pilots should be improved. Marine Pilotage: Report of the Advisory Committee on Pilotage to the Secretary of State for Trade. Marine Division, Department of Trade, Branch 3B, Sunley House, 90-93, High Holborn, London, W.C.1 4V 6LP.

Pilotage reform plan

BY IAN HARGREAVES

THE WAY was cleared yesterday for the reorganisation of pilotage services in Britain's estuaries and ports by publication of a report from the Advisory Committee on Pilotage. The committee was set up in January to resolve the controversy aroused by an earlier Government report which suggested relieving Trinity House of its pilotage functions and setting up a powerful, central, executive authority for pilotage. Under the terms of yesterday's report, Trinity House would continue as a pilotage authority where that was the wish of pilotage interests in the areas Trinity administered. Instead of a central executive Board, the report suggests the creation of advisory and supervisory Pilotage Commissioners, who would act as an appeals group on dues. Rummaging pilotage services would remain a local responsibility. Other main proposals include: 1. Pilotage certificates for masters and chief officers of EEC countries. 2. Existing exemption from compulsory pilotage for fishing vessels and those owned by port authorities should be examined. 3. The pay and pensions of Britain's 1,600 pilots should be improved. Marine Pilotage: Report of the Advisory Committee on Pilotage to the Secretary of State for Trade. Marine Division, Department of Trade, Branch 3B, Sunley House, 90-93, High Holborn, London, W.C.1 4V 6LP.

Leyland bus executive moves to competitor

BY OUR MIDLANDS CORRESPONDENT

BRITISH LEYLAND'S truck and Bus Division has lost a senior executive to Metro-Camell Weyman, the Midlands-based company which is rapidly emerging as an important competitor to the State-owned concern in the supply of buses. He is Mr. Trevor Webster, Sales and Marketing Director of Leyland's Passenger Vehicle division, the company said last night. Metro-Camell Weyman, a subsidiary of the Laird Group, has attracted considerable interest from bus undertakings throughout the country with its new model, the Metro Bus. The vehicle is seen as a strong competitor to Leyland's planned new bus, the Titan. British Leyland answered complaints yesterday over fleet-line losses that its West Midlands county council, saying technical improvements had been recommended for reconditioned units and better lubricants were needed. The council, which says it has had 11 bus accidents caused by gearbox failure in a year is considering legal action.

MP warns on cost accounting

By Michael Lafferty, City Staff

THE GOVERNMENT may have to intervene in the inflation accounting controversy unless the accountants can produce a satisfactory solution within the next few months, Mr. John Nott, Tory MP for St. Ives and Opposition spokesman on trade, claimed yesterday. His comments follow the original breakdown of efforts by the accountancy profession to introduce a version of the inflation accounting system known as current cost accounting (CCA). CCA was recommended by the Sandilands Committee of Inquiry which was appointed by the last Conservative Government. "It looks as if the accountancy profession may not come up with a solution. Maybe the politicians have a role to play," Mr. Nott said in London. He said that the proposals in the profession's exposure draft EP 18 had been too complicated. "All we really need is a simple system of adjusting for inflation of stocks and depreciation. And I am partly persuaded that we should have some adjustments for monetary items," said Mr. Nott. The Accounting Standards Committee, the profession's governing body on accounting matters, may issue a statement on inflation accounting after its next meeting on July 27. Several leading accountants believe that ASC should issue new proposals quickly. But they fear that Sir William Silmer, the ASC chairman, may choose to follow a very cautious approach after the recent vote by English chartered accountants against compulsory CCA.

Coalite plant to destroy dioxin poison

THE COALITE chemical works at Boleover, in Derbyshire, is planning to dispose of the remains of the deadly chemical dioxin which caused an outbreak of chloracne similar to that in the "poison cloud" disaster in Seveso. Following talks with a senior factory inspector, the company proposes using an enclosed system of tanks and pipework to dispose of the chemical, which can be destroyed only by burning at 1,200 degrees centigrade. The final plan will be submitted to the Health and Safety Executive for approval.

More Tote betting shops urged in Commons report

BY CHRISTOPHER DUNN

SWEEPING changes to the Tote, including a big expansion in the betting shop chain, are recommended in a Commons report on the Horse Race Totalisator Board. Sir Donald Kaberry, chairman of the Commons Select Committee on Nationalised Industries, and Conservative MP for Leeds North West, said yesterday that the fundamental decision facing the committee was either to strengthen the Tote or to do away with it. The unanimous decision was to expand the Tote to provide an alternative form of betting. Detailed recommendations for the Tote, which has a monopoly in Britain's off-course horse "pool" betting include: Restriction of off-course betting at Tote odds to Tote betting offices. The Tote would therefore receive all profits from this strictly numerical way of betting. Private bookmakers would no longer have to pay Tote authority fees. The Totalisator Board could then apply for licences to open betting shops on the grounds that it provides facilities for a genuinely alternative form of betting. There should be about 500 Tote betting shops, based on the present Tote market share of around 4 per cent of total betting turnover. Currently there are some 150 shops, and the Tote current expenditure plan is working towards a chain of 300. Applications for new licences should not be contested when the Tote wants to open betting shops. But clause three of the 1972 Horserace Tote Act, which removes a licensing magistrate's right to refuse a Tote application on the grounds of posing local competition, should not be activated yet. The Tote should be able to negotiate bets on any event. This is based on the Tote's growth since 1972, when it was allowed to expand its business into starting price and ante-post betting. Turnover and gross revenue in this period have almost doubled. The report says that, in general, the Tote's role should be expanded so that it becomes an economic monitor covering the whole spectrum of betting. The Tote is praised for the way in which it runs its operations on courses and this attractive atmosphere should be extended to its betting offices as well. Criticising the Home Office, which supervises the Tote, the report refers to the "little interest taken in the Tote visibility by the Government department concerned," an attitude of "detachment unconcern." It concludes that the Home Office cannot provide necessary support and encouragement. Responsibility for the Tote should now go to the Minister of Sport at the Department of the Environment. There should be changes in the structure of the management board. The board has apparently amateur status and its structure should be brought more in line with comparable commercial concerns. The chairman should be a time official, he should be supported by full time executive members and in future, Tote's accounts should be submitted direct to the Secretary of State. The Tote is criticised on scores. Plans for mechanisation and computerisation over the next few years, at a cost around £4.5m., are to be funded mainly through cash flow which does not look sufficient. The changes in the pay method last year, when the Tote was accused of acting illegally, are also criticised. The Horse Race Totalisator Board, Second report from Select Committee on nationalised industries. House of Commons present Tote market share of

Talks next week on boilermaking merger

BY MAX WILKINSON

THE Central Electricity Generating Board is to meet Clarke Chapman and Babcock and Wilcox next week to examine possible further progress with plans to merge their boiler-making interests. The plans were shelved this week after the CEGB said its offer of a steady power station ordering programme of 2,000mw a year had lapsed. The Board said it had been prepared to go ahead with the ordering programme of power stations which might not be immediately needed only if the whole industry was rationalised. This offer was withdrawn when Mr. Anthony Wadsworth Ben talks broke down between the General Electric Company and C. A. Parsons on a merged turbine-generator company. Mr. Glyn England, chairman of the CEGB said yesterday: "We do not think this is the end of the road. We want to explore with the boiler-makers ways in which we can help." It is not yet clear what the CEGB can offer the boiler-makers that will induce them to go ahead with a merger. Last night, a spokesman for Babcock and Wilcox said it saw little point in going ahead without a guaranteed steady flow of home orders for the merged company. It is possible that the CEGB will come under pressure from Mr. Anthony Wadsworth Ben, the Energy Secretary, to accept its offer of steady ordering.

Fewer offices moving from central London

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NUMBER of jobs being moved out of central London has continued to fall, according to the Location of Offices Bureau. At the same time, the number of companies seeking advice about relocation has also dropped, says the Bureau in its annual report published yesterday. The pattern of movement of companies is directly related to the state of the national economy. Until there is a resurgence the movement is expected to stay at or near the levels of the past year, says the report. Nonetheless, there remained a great deal of interest in the search for locations offering distinct economic advantages. The message is quite clear. People concerned with managing business enterprises now have to ask themselves whether their operation might be carried on more efficiently, economically and effectively in other locations. The bureau helped only believes its new role represents no reversal of its present job merely an expansion. It is also trying to attract international concerns to establish offices in the U.K. The bureau helped only companies to move during 1977. Nearly 11,000 jobs were involved. In the previous 12 months, number of companies relocating totalled 175. The latest figure is the lowest since 1970-71. Inquiries also fell back sharply from 245 in 1975-76 to 183, the lowest figure since 1969-70. Location of Offices Bureau, Annual Report 1976-77, 20p; Chancery Lane, London.

Talks continue on future of Glenfield and Kennedy

The 1,000 workers at Glenfield and Kennedy, the Kilmarnock subsidiary of the proposed chemical reprocessing plant is hult.

Rule definition

Representatives of British financial institutions met at the Treasury on Monday, discuss the educational fund of the National Savings Movement.

Home plan welcome

The National Home Improvement Council yesterday welcomed the Government's decision to increase expenditure on housing grants.

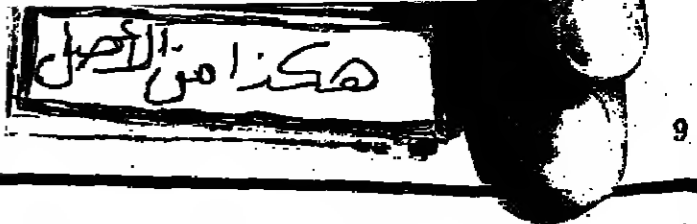
Unit trust repurchases down

BY ADRIENNE GLEESON

TO THE GREAT relief of managers in the unit trust industry, repurchases from investors declined to £16.7m. last month, after rising to an exceptionally high £29.5m. in May. New sales, at £24.9m., were also substantially lower compared with the £36.6m. recorded in May, but net new investment at £32m. was still the second highest monthly total this year, and well above the monthly average of £8.5m. Although last month's decline in new sales was principally a reflection of exceptional factors which pushed up the total for the month before — one new unit trust was successfully launched and another created by the utilisation of the Mendip fund — many within the industry expect the figure for July to be lower still, since June to September is the "quiet season". What happens to repurchases probably depends on the behaviour of the market — in May, many unitholders seem to have taken advantage of its buoyancy to sell. The industry hopes, however, that the bulk of the losses holders have now been shaken out. Between the end of May and the end of June the total number of unitholders declined by 12,936. The value of funds invested in unit trusts, however, increased marginally from £3,038m. to £3,068m. At the end of June last year the total was £2,570m. Offshore loading. The Highland Regional Council is to prepare a detailed case against Messrs Petroleum's plan to load crude oil from its Beatrice field, 12 miles off the Sutherland coast, into tankers at sea. The council wants to see a pipeline built to land the oil in the Highlands.

Advertisement for Metal Box featuring a row of metal cans and the slogan "More efficient production: it's Metal Box's business." The ad describes the services of Metal Box, including the manufacture of containers from tinplate and aluminium to paper and plastics. It highlights the speed, efficiency, and reliability of their systems. A large Metal Box logo is prominently displayed at the bottom.

Vertical advertisement on the right edge of the page, partially cut off. It includes the text "BANKS DE", "MONOPOLY MON", and "DO BANKS REALLY COMPETE?".



BANKS DEBATE. Broadsheet No.2

HOBSON'S BANK?



BARCLAYS



LLOYDS



MIDLAND



NATIONAL WESTMINSTER

In August 1976 the Labour Party National Executive Committee (NEC) proposed that the four main clearing banks—Barclays, Lloyds, Midland and National Westminster—should be nationalised.

The Party Conference passed the proposal—although the Government is against it and the Prime Minister called it "an electoral albatross."

We, the banks listed below, believe that public ownership of banks is a matter for public discussion. We would therefore like to question some of the NEC's basic assumptions and also ask you what you think—whether you are for or against bank nationalisation.

MONOPOLY MONEY.

The NEC claims that the present situation "has put into the hands of the banks and other financial institutions a vast concentration of private power."

Yet, if the big four really share a virtual monopoly between them, could the Government—by owning them all—fail to enjoy an even greater monopoly?

But what of the NEC's assertion? Is it even true?

At the end of 1975, £74 billion was deposited with the main financial institutions in the UK. Of this, the clearing banks held 29 per cent only.

| COMPETITION FOR DEPOSITORS' FUNDS | |
|---|---|
| SHARE OF DEPOSITS IN THE UK AT DEC 1975 | |
| 20% | NATIONAL SAVINGS BANK NATIONAL SAVINGS CERTIFICATES & BONDS TSB, etc. |
| 31% | BUILDING SOCIETIES |
| 20% | OTHER COMMERCIAL BANKS |
| 29% | LONDON CLEARING BANKS |

SOURCE: C.S.O.

DO BANKS REALLY COMPETE?

At present you have a choice among any of the main High Street banks named below. They compete with building societies, Trustee Savings Banks, National Savings, unit trusts, insurance houses, foreign banks and the Post Office Giro for your money. And they compete with each other.

THE BATTLE OF THE HIGH STREET.

But, with 12,000 branches of these banks up and down the country, it is often at local level that competition is most real.



"A CHOICE SIR? OF COURSE! WE HAVE FORM 479B/8C2 IN BUFF, GREY OR THE STANDARD OFF WHITE."

Take a town like Luton. It has a population of 165,000 and 26 bank branches. Someone wanting to open an account or wanting to borrow money could go to any of these branches. Or, for certain services, to one of the competitors already named.

It's the same all over the country. Most bank branches are small, often not much bigger than the shop next door. And the local branch manager is given a lot of freedom. He is expected to make a success of his branch—to understand his customers, to know

about local industry and business. Competing—as at present—against other local bank branches, he soon loses customers if he gives poor service or is unreasonably cautious about lending.

HOW WOULD NATIONALISATION HELP?

The NEC document offers few clues on freedom of choice or how nationalisation would help customers. Indeed it rarely mentions them. All it says is that the separate identities of the banks would be retained. But would it be real competition if the difference were in name only?

WHERE WOULD THEY GO?

The NEC first contemplated nationalising only one bank. But they recognised that most customers would

switch to the other banks. So they are now proposing the nationalisation of the Big Four.

Their instinct was sound. Recent market research has already shown that 55 per cent of customers say they would probably not stay with their bank if it were nationalised.

It is not difficult to imagine where the grass would seem greener. There are many alternatives for personal customers, and business customers could turn to the 300 or so merchant and foreign banks in the City.

DID YOU KNOW?

About one in seven of bank customers have changed banks at some time in their lives—28% because they thought another bank would give them better service.

PUBLIC DISCUSSION.

Over 10,000 people have already sent us their own views on the Banks Debate.

What do you think about the issues raised here?

How would nationalisation affect competition between banks? Would branch managers be able to exercise as much personal judgement? Would services grow better or worse?

If you have views on these questions—whether for or against bank nationalisation—please let us know. It will increase our understanding of public opinion on this important issue.

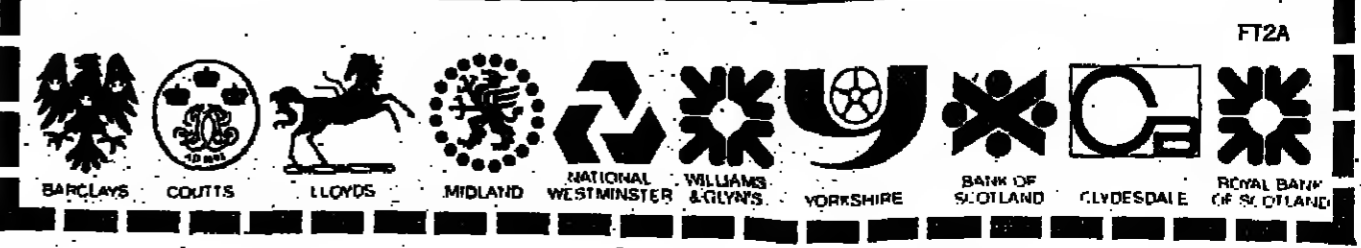
We will do our best to answer every correspondent.

NOW TELL US WHAT YOU THINK.

You can write your comments on this coupon alone, or enclose it with a letter. Address your reply to THE BANKS, 10 Lombard Street, London EC3V 9AP. Or deliver it to any branch of any bank listed below, in an envelope marked "The Banks Debate."

Name _____ Address _____

THE BANKS



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Note betting show
Commons report

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SILVER CROSS

THURSDAY 21st JULY 1977

One hundred years of babies...

Early Years

1977 marks the one hundredth birthday of Silver Cross, for it was in the year 1877 that William Wilson founded the business in very small premises in Hunslet, a district of Leeds. During the intervening years the Company has become internationally renowned for the quality of its products.

Perhaps the most significant moment in the Company's development occurred when aluminium sheet was used in the fabrication of baby carriage bodies and a new paint process which had been developed for the motor car industry. The chromium plating department was completely re-equipped and components were polished to a high lustre before passing through copper, nickel and chromium baths. The resulting finish set a new standard for our industry. Inspection staff monitored the quality of production at all major stages, in order to ensure the highest quality was maintained. In line with the improvement in manufacturing use the knowledge acquired in Ministry of Aircraft Production, the improved Silver Cross products would be channelled through only special rubber bolsters ally selected and appointed hydraulic presses were pur-

Fifties

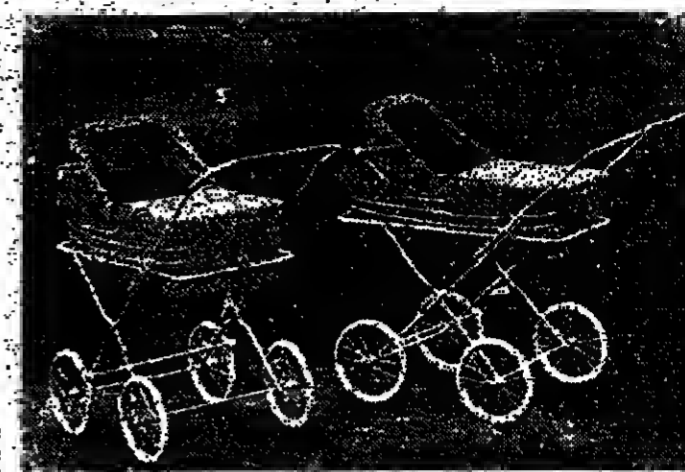
In the fifties changes were made in the fabrication of baby carriage bodies and a new paint process which had been developed for the motor car industry. The chromium plating department was completely re-equipped and components were polished to a high lustre before passing through copper, nickel and chromium baths. The resulting finish set a new standard for our industry. Inspection staff monitored the quality of production at all major stages, in order to ensure the highest quality was maintained. In line with the improvement in manufacturing use the knowledge acquired in Ministry of Aircraft Production, the improved Silver Cross products would be channelled through only special rubber bolsters ally selected and appointed hydraulic presses were pur-

Brand leaders World Wide

Wilson's felt that they were now ready to offer quality British merchandise with a unique attraction to the rest of the world and, although reasonably successful at that time, the major breakthrough was to come much later. The increasing demand made it important to further modernise production methods to such an extent that Wilson's became virtually self-sufficient in all aspects of manufacture. The outcome of this was that Wilson's were able to control the quality to a much greater degree than before. Much of the plant and machinery in use to-day was designed and built by the Company's employees during this period and is a continuing process.

In 1957 the trade name Silver Cross was added to by the creation of a most ambitious and expensive range of luxury baby

carriages under the trade name 'Wilson'. With this new range Mr. L. N. Wilson was able to bring to the market some of the most refreshing and unusual designs yet seen and so successful was he in his endeavours that the sales achieved gave much greater impetus to Wilson's aim of becoming the 'number one' quality manufacturer in the world. By the early sixties Wilson's had begun a policy of general diversification into new products and it is interesting to note that by this time the baby carriage bodies were being produced in a special zinc coated steel rather than aluminium. As far as production techniques were concerned, this decade also saw the installation of a fully chromium plating plant which, from a slow start, had developed gradually to the present day and is now working at maximum capacity. The quality of the chrome finish is amongst the highest being produced in the U.K. at the present time.



Seventies

With the arrival of the seventies, production was being carried out at three other sites as well as at the main factory in Guiseley. At the Baildon plant all the high frequency welding of upholstery, together with the cutting of fabrics and other ancillary operations, is carried out in the first floor, the ground floor being devoted to the main to the specialised production of selected fittings for all Wilson and Silver Cross products from automatic lathe.

York has proved to be another source of sewing capacity as well as providing valuable storage space for raw materials. Completing the picture, we have the recently acquired Yeadoon works which is devoted to producing a lightweight folder and is the site for Wilson's own colour press on which our catalogue has been printed.

This period also saw the greatest increase by far in export turnover with overseas sales representing 8 per cent. of total turnover in 1971 and 30 per cent in the year ended 1976. At the present time the top twenty export markets are: West Germany, Eire, U.S.A., Italy, Australia, France, Belgium, Denmark, Norway, Netherlands, Finland, Sweden, Austria, Canada, Saudi Arabia, Malta, Spain, Iceland, South Africa, Nigeria.

Future Outlook

To-day we feel that the Company is well geared for future expansion and can face the future with confidence—thanks in no small way to the strong foundations laid down in the past 100 years, and especially to the leadership and guidance given by the Company's late Chairman, Mr. L. N. Wilson whilst he was at the helm. We must make special mention of all those many employees over the years without whom, of course, the Company would not be so well placed at this moment. Their efforts have been of a very high magnitude and without them there would be no Company, and very many of them have been with the Company for a long time.

It is also appropriate at this moment to comment on the fact that although still a "family business", we are these days part of a much larger unit, as Greenwood Securities has a substantial interest in us. This relationship started in 1972 and the help and encouragement they have given us since then has been of great assistance to the Company and we are sure it will stand us in good stead for the future.

Our industry, being the smallest, it is effects a close and intimate relationship with Suppliers and Customers. The Company has fostered this family approach to business and we would like to feel that has contributed greatly to our success we have achieved.

In conclusion, may we address ourselves to you, the Consumer, who, when purchasing a Wilson or Silver Cross product, can assure that quality and safety remain in the forefront of our minds in all aspects of design and production. Much of our success is undoubtedly due to the millions of satisfied customers who have seen fit to recommend our products to the generations and, by so doing, have made Silver Cross one of the best known trade names in Nursery Goods throughout the world.

Reed Medway put more into paper sacks

... including pushchairs made by Lawrence Wilson. As their suppliers of paper baler bags for several years Reed Medway are happy to congratulate Lawrence Wilson & Son Ltd. on their centenary.

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The perfectors of moulded wheels who are Europe's leading and largest manufacturer and supplier congratulate Lawrence Wilson Ltd. on their 100th Anniversary

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from one Centenarian to another—
We sincerely congratulate Lawrence Wilson & Son Ltd on achieving their Centenary, and are proud to have supplied wheels and tyres for their baby carriages during those 100 years.
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FAMOUS FOR FINE FINISH
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AGNOWLEDGMENT
We gratefully acknowledge the support of our suppliers who have made possible our success and we also thank most sincerely the following: Bank, British Steel and City of Leeds who have contributed in other ways to our development.

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Pushchairs among other things
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CENTENARY NEWS

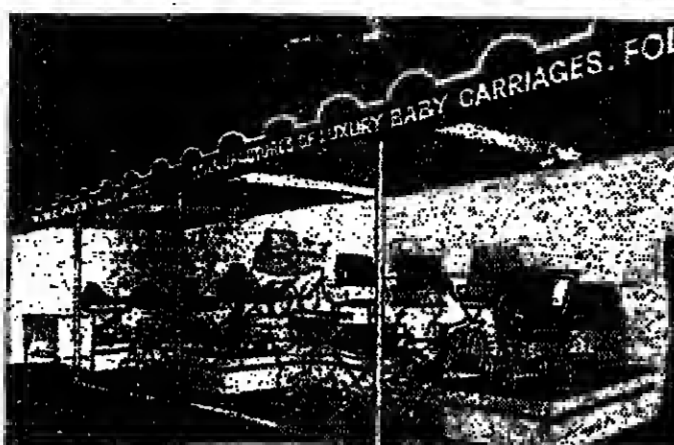


Pushchairs among Palm Trees

are not many who can claim New Caledonia as an export market! You not have heard of this and in the South Pacific have certainly heard of it and recently placed orders with us for a dozen. It just goes to show there is no market too far.

On the move

the past, due to lack of the old buildings, there have been a permanent home for the Company's. Looking ahead to the increasing of visitors to our factory, a new area opened up to fulfil just purpose. The architect's Showroom, in contemporary restful browns and will feature a complete of Wilson's current where visitors and may browse in comfort. This year we shall also Centenary Year Exhibition vintage baby carriage photographs and bills that span our one years of business. But only half the story. If the space in our new, devoted to the Showroom, will house our design development team to facilities and encourage rate image. It is interesting to note that, as much of the factory floor directly all our new products will be drawn up and under one roof in



...of baby carriages, following European markets

WEST GERMANY, FINLAND, DENMARK, ITALY, HOLLAND, NORWAY, SPAIN, BELGIUM, SWEDEN, ICELAND and THE IRISH REPUBLIC. These orders, coupled with others received from the U.S.A. and Canada, meant that we had written firm orders to a total value of over £500,000. Half a million pounds sterling—a pleasing result! Needless to say we shall again be participating in October 1977. A new Stand is presently being designed and this, plus our splendid Centenary product range, means that we are quietly confident of at least maintaining this level of business at the 1977 "FOR DAS KIND".

3. Eastern Europe Selling to all or any of the COMECON countries is not for the faint-hearted! The investment in time and money can be very high and there is no certainty of any business resulting at the end of the day. Wilsons were well aware of these basic facts when, in 1975, they decided to make a two-pronged attack on the POLISH market by taking part in Trade Fairs at POZNAN and WARSAW.

In the event the Company's products were enthusiastically acclaimed by the Polish Consumer and, after subsequent

negotiations with the appropriate Government Buying Agency, a contract was discussed for many Baby Carriages. This order came in the Autumn of last year when the factory was already fully committed to meeting a huge backlog of orders for home and overseas. A condition of the order was that delivery had to be completed within a very few weeks and, as we had no spare capacity, we were regrettably obliged to turn down that particular contract.

However, we have nevertheless managed to maintain a very warm relationship with our Polish friends and are very hopeful that a similar contract will soon be negotiated with a delivery schedule which we can accept and honour in all respects and the necessary arrangements have been made internally to cope with any size of order.

This year, 1977, we shall be exhibiting for the first time in our own show in Czechoslovakia and the International Toy Fair in Hungary just prior to the Cologne Show in October. To broaden our representation in

this area, an area Wilsons consider holds great future potential.

Family Ties

Caring for the family At Wilsons, we have for a long time been ready to help those highly trained and skilled workers in our factories and the problems that arise when these valuable members of our "family" have young children to care for themselves. We need our working mothers and, to make their life easier, we run a highly organised crèche staffed by a fully trained nurse, open to all employees' children from office staff to factory operatives. The crèche is housed in a small building with its own garden in the grounds at Guiseley, attractively decorated and well-stocked with toys and games. The children, ranging in age from 2 to 5, may stay all day and have their mid-day meal and rest included.

out a break. Two girls from the factory supervise the games and walks and arrange visits to the nearby parks and swimming pool.

There are, of course, still several of our skilled workers who cannot get out to the



factory and, when the time came to increase our sewing machine capacity, we decided to take the work to them instead. Heavy duty machines were purchased and a team of outworkers drawn up to sew hoods and aprons for the baby carriages. We now have about fourteen women working for us in their own homes even as far away as Wakefield, each one averaging about ten hours a week. Each week a van takes out the materials and wages and collects finished work.

Overseas Containers Limited would like to congratulate Lawrence Wilson and Son Limited on their Centenary.



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are extremely proud of a quality of our products ensure that changing conditions always conform to the highest standards. In particular, our prime market, the tough German requirements. To this end we have opened up a brand new house to carry out the existing range, and, of course, developments.

Picking out the true business prospect from the casual observer was not easy, but enquiries were received from such places as JORDAN, ERITREA, MUSCAT and OMAN, THE UNITED ARAB EMIRATES, EGYPT and LIBYA. We also succeeded in appointing a distributor for SAUDI ARABIA, and substantial orders were received for this market. Currently, we are in the process of completing orders for shipments to KUWAIT and SAUDI ARABIA. We are expecting confirmation of further orders for Saudi Arabia in the very near future. A follow-up sales visit to the area is being planned now.

Wilson's fifth consecutive appearance at the FAIR FOR THE CHILD in October 1976 proved to be a most rewarding experience in every sense of the word. The network of European Distributors which had been painstakingly established and carefully nurtured during the preceding five years finally paid off in a big way. Substantial firm orders were received from

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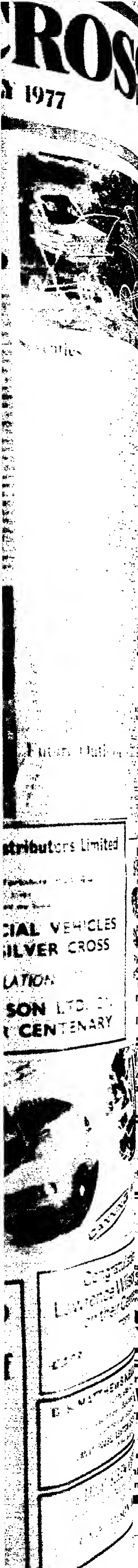
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LABOUR NEWS

Doctors reject call for TUC link and 'closed shop'

BY OUR LABOUR STAFF

DELEGATES REPRESENTING doctors seem to be one of some more than 50,000 doctors, members of the British Medical Association, their attitude is that we are not ready to affiliate to the TUC or press for a "closed shop" within the National Health Service.
 The decision, taken on the opening day of the full BMA conference in Glasgow, comes in spite of the militancy and anger expressed by the hospital medical team and they are trying to reject a call to affiliate to the TUC or press for a "closed shop" within the National Health Service.
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Support

Support for TUC affiliation by the majority of doctors would be a surprise, however serious the dispute, Dr. Cameron, chairman of the BMA council, told delegates that doctors were deeply proud and jealous of our code of ethics, a wonderful heritage, and that whether the majority of doctors would be prepared to withdraw their labour from the National Health Service, he was not sure.
 Dr. Cameron attacked the statement from Mr. David Easdale, Social Services Secretary, which criticised the doctors' strike decision as "unfortunate, missing and unfortunate."
 "It has done nothing to cool the justified anger of doctors or to ease my mind. I have no doubt that the struggle for better terms is now and that now is the time to demonstrate our will public attitude of the TUC to win."

Bristow was angry over pilots' pay claim

MR. ALAN BRISTOW, chairman of the helicopter company which is being hit by a strike of more than 50 North Sea pilots earlier this year, told an inquiry yesterday that he was "bloody cross" over that Bristow Helicopters had talk of pay parity with Jumbos jet captains.
 "It is fantastic. It is out of keeping with what the market can afford," said Mr. Bristow.
 The inquiry is into the seven-week strike by the Aberdeen-based pilots, which threatened to disrupt oil production in April and May.
 Earlier, the inquiry had heard a letter from one of the strikers, Capt. Brian Ballam, to Mr. Bristow which said: "You insist we are in breach of contract."
 "Sir, our contracts have been breached. The inquiry continues today."

Welsh miners plan all-out strike over safety official

MINERS in South Wales will plan an all-out strike when they return from their annual holiday, unless there is progress in a dispute involving a safety official, it was decided yesterday.
 A total of 120 delegates representing the coalfield's 30,000 miners voted for the action to start on August 5, unless an inquiry has started into the reinstatement of the man who belongs to the National Association of Colliery Overmen, Deputies and Shooters.
 The emergency meeting at Bridgend, Glamorgan, agreed that the safety official will not work with this man until a full inquiry has been held.
 "We agreed to the inquiry, but the Colliery Overmen's Association insisted that the man return to work," claimed Mr. Emyl Williams, National Union of Mineworkers' South Wales Area President.
 "Our men are very angry. Safety work is vital in this industry and we will not work with this man until a full inquiry has been held."
 A Coal Board spokesman said: "This is an inter-union dispute. We will support any action to bring the two sides together to settle the matter."

Builders move for aid

REPRESENTATIVES of both sides of the construction industry will meet Mr. Peter Shore, Environment Secretary, tomorrow to press for further Government assistance to the industry.
 The meeting coincides with the publication of a booklet by the Union of Construction, Allied Trades and Technicians on the current slump in the industry.
 Unemployment among building workers, says UCATT, is three times the national average, but because the construction industry is so dispersed its unemployment problems make less impact on the Government than those of more highly concentrated industries.
 In February unemployment among building craftsmen reached a new peak of 72,000, and the union fears that younger skilled workers will leave the industry permanently, hitting its capacity when there is an upturn in the economy.
 The union is demanding expenditure of £1.1bn. to assist the industry. This would consist of £200m. on house-building, £500m. on improvement of sub-standard dwellings and other work in inner-city areas and £400m. on capital projects in the civil engineering industry.

No date set for Longman deal

A SPECIAL meeting yesterday of members of the Association of Scientific, Technical and Managerial Staffs at the Longman publishing group dissociated itself from a Press statement issued earlier this week by a union divisional officer.
 The statement, issued by Mr. Jim Terry, who has special responsibility for the publishing industry, concerned a new salary structure agreed with Longman on August 1 as that date with what Mr. Terry called the "demise of the social contract."
 The union members said yesterday: "The ASTMS membership in Longman is bound by the agreement signed on June 28 with the company, which states that the point from which the new structure would come into effect. Mr. Terry said after the statement that no formal agreement had been reached but that there was an "understanding" between the union and the company that it would begin when the lifting of pay restrictions allowed.
 The union had taken August 1 as that date with what Mr. Terry called the "demise of the social contract."
 The union members said yesterday: "The ASTMS membership in Longman is bound by the agreement signed on June 28 with the company, which states that the point from which the new structure would come into effect. Mr. Terry said after the statement that no formal agreement had been reached but that there was an "understanding" between the union and the company that it would begin when the lifting of pay restrictions allowed."

Managers 60% worse off, claims document

By David Churchill, Labour Staff
 TOP managers in a major industrial company are some 60 per cent worse off than three years ago, according to an internal document circulating among its executives.
 The document, prepared by the Rolls-Royce aero-engine company and covering its plants at Derby and Bristol, provides evidence of the substantial erosion of differentials for skilled workers and managers over the past three years.

The statistics are visually certain, he used by unions within the company, including Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs and the Electrical and Plumbing Trades Union, as a basis for pay negotiations with management in the coming year.
 The document, which has not been publicly released by the company shows that a plant manager at Bristol, for example, is now earning an average £6,853 after tax—about 20 per cent more than in January 1974—but he is 60.2 per cent worse off after allowing for inflation. Tax liable is based on a married man with two children under 11.

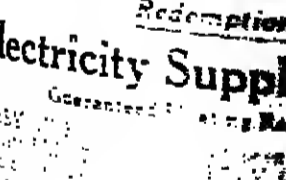
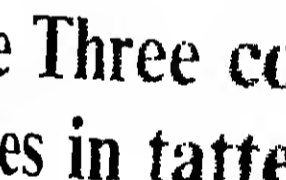
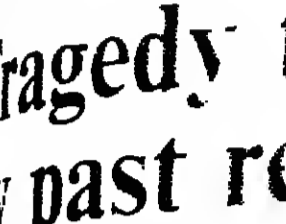
Families hit
 A works manager at the same plant—whose after-tax salary now is almost £4,000 a year after a 45 per cent rise over three years—is now some 35 per cent worse off. A skilled worker on a take-home pay of £51.80 per week after tax—by over 50 per cent in more terms—is in fact some 25 per cent worse off after allowing for inflation.
 Workers both male and female, on the lowest rate of £48.15 per week before tax or some 31 per cent better off in spite of inflation. But married men with children were also 13 per cent worse off after tax.
 The problem of eroded differentials among Rolls-Royce skilled workers has led over the past 18 months to a series of important disputes which have brought threats of plant closures by the company. But it has rigidly adhered to the pay policy and has been unable to restore differentials.

Journalists' pay row halts LBC radio

By Pauline Clark, Labour Staff
 RADIO JOURNALISTS last night held a mandatory union meeting in a row which took London news and commercial station London Broadcasting Corporation, off the air since early morning yesterday.
 The 85 journalists called the meeting at breakfast time to protest at what they claimed their employers' persistent refusal to start negotiations on new house agreement.
 The present agreement expires at the end of this month and journalists, who are asking a 30 per cent increase in salaries, have been pressing since May for negotiations on pay and working conditions.
 The row is between the National Union of Journalists, which represents the journalists in dispute at both LBC and Independent Radio News, and Association of Independent Radio Contractors, the employers' organisation.
 The association stated in a note that it had approached Advisory Conciliation and Arbitration Service.

Union in new move to settle Lucas strike

By Our Midlands Correspondent
 A NEW INITIATIVE for settlement of the strike by 1,000 workers at Lucas Industries components factories in the Midlands has been launched by the Amalgamated Union of Engineering Workers.
 Mr. Terry Duffy, AUEW executive council member for the Midlands, said last night that "it would seek meaningful discussions" with management in hope of finding a peace form. The union has made official strike by tonroom workers demand additional bonus payments.
 As a result of the dispute Lucas has announced that when its annual holiday ends in August some 7,500 workers will be off at seven factories in Birmingham area. About 12 more jobs are placed at risk the tonroom action.



PARLIAMENT and POLITICS

Callaghan offers 10% 'best buy' Thatcher sees problem over differentials

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN, yesterday warned the unions not to try to reconcept their losses of the last decade...

The Prime Minister assured MPs that the Government would follow its own advice in dealing with the public sector...

But having delivered these warnings, Mr. Callaghan was in no hurry to anticipate any challenge to them...

Surely, long-term common sense was going to triumph over short-term expediency, he said...

"The country is in much better shape to face the future than it has been at any time in the last decade," he said, amid Tory derision...

Mr. Callaghan turned mildly from such dramatic prospects to the prosaic role of shopkeeper...

No one should believe that free collective bargaining was going to procure instant luxury...

The Government and the unions would continue in mutual confidence and consensus, Mr. Callaghan added with optimism...

The Conservative leader nagged the Government about its 'total record of failure'...

One of the few successful acts for which the country could be thankful was that the Government had finally put it into the hands of the IMF...

Stridently and summarily dismissing Labour interruptions, Mrs. Thatcher declared that the Chancellor had "chickened out" of harsh decisions before...

"There is no basis of confidence in their record," she cried. "No basis of confidence in their capacity to stick to any policy when the going gets rough..."

Challenged by Mr. David Steel, the Liberal leader, to say what policies she would pursue, Mrs. Thatcher coolly retorted...

BY IVOR OWEN, PARLIAMENTARY STAFF

NOTHING in the Government's record or its policies could warrant a vote of confidence, declared Mrs. Margaret Thatcher...

She charged the Prime Minister with having failed to prepare the people for the responsibility which a return to free collective wage bargaining involved...

Mrs. Thatcher maintained that the compression of differentials, which had occurred during the incomes policy now coming to an end, would cause greater problems than had been associated with the ending of any earlier incomes policy...

wide the nation would find it in a vicious circle, with higher inflation...

Replying to a further intervention from the Labour benches, Mrs. Thatcher pointed out that cash limits for the coming year had not yet been fixed...

Mrs. Thatcher called for clearer exposition of Government policy on wage settlements in the public sector, and asked what would happen if the Government found itself faced by free collective bargaining...

Tragedy to throw away chance won by past restraint, unions told

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

WOULD be a tragedy if the Government now tried to force wage settlements in excess of the 10 per cent stipulated by the Government...

Mr. James Callaghan, the Prime Minister, warned, as he led the economic debate in Commons...

emphasising that the democratic process would be on trial if the Government were to try to force excessive wage increases which would inevitably lead to higher inflation or unemployment...

It would be a tragedy if the Government were to miss this opportunity when some factors are in its favour, he said...

Mr. Callaghan promised that the Government, for its part, would do its utmost to see that the public sector abided by the lines laid down by the Chancellor of the Exchequer...

It was noticeable, however, that Mr. Callaghan also stressed there would be room for a degree of flexibility in public pay increases...

During his 45-minute speech, Mr. Callaghan placed great weight on the need to obtain a consensus in order to get an orderly return to free collective bargaining...

On this occasion, however, some factors were in our favour. These included the costs of raw materials from overseas, the stable value of the pound, improvements in the balance of payments, and better cereal crops world-wide...

He conceded that there were many "thorny problems," such as differentials, to be faced during the coming period. There was no doubt in his mind that people desired a return to a period of free collective bargaining...

The Government would have substantial influence over wage contracts in the public sector, and would negotiate along the lines laid down by the Chancellor...

He agreed that the Government would have special problems in the public sector, and said that it was now considering this matter. Rightly, the Government would be expected to give a lead in this area, and

it would "guide itself by the muscle to jump on the bandwagon. If this happened, then other groups would want to re-open their wage agreements..."

Mr. John Mendelson (Lab., Westchester), a Left winger, interposed to point out that some economists were urging reflation of the economy in order to provide jobs...

Mr. Callaghan told him that he hoped that this would eventually be possible, but said firmly: "Inflationary wage levels at the present time without an increase in productivity would result in runaway prices and I am not going back to that..."

The Prime Minister laid much stress on the need to observe the 12-month gap between wage settlements and welcomed the TUC statement adhering to this "Only time will tell. But in my view that the majority of trade union executives and their rank and file members will not approach this new period of wage bargaining in a reckless or aggressive frame of mind..."

Mr. Eric Heffer (Lab., Walton) interrupted to warn of the dangerous possibility of Government getting into a series of major confrontations with the unions...

Mr. Callaghan retorted: "I believe, in the new non-differential society in which we are living, that this country will be willing to use funds that only be governed by consensus. Any Government which is foolish enough to rush into a confrontation is doomed to failure..."

Mr. Reg Prentice (Lab., Newham NE) said the situation facing Britain was in many ways more dangerous than it was in the past three years, and more conducive to runaway inflation...

Expectations were being raised for wage increases not merely to compensate for the increased cost of living in the last 12 months, but to make up ground lost in the preceding two years...

If the Chancellor seriously wanted people to work within guidelines that led to no more than 10 per cent overall increase, then he should have spent on a limit for settlements of 5 per cent or 6 per cent at a maximum...

Genuine

There were more Tory cheers when she insisted: "We don't want the kind of society where wages are right, or where wages and salaries policy go to each other according to his strength, and from each according to his weakness..."

Mrs. Thatcher advocated more scope for genuine productivity deals and for flexibility to facilitate the introduction of a common date for wage bargaining in major enterprises...

But she emphasised the need to ensure that the full extent of the consumer did not wish to supply next year, permitted under the agreement with the IMF, was not taken up in increases in wages and salaries...

Some room must be left for growth and investment, other-

NUM editor ruling to-day

MPs WILL be told to-day if the NUM will accept the ruling of Maurice Jones, 33, editor of the "Yorkshire Miner"...

The National Union of Mineworkers, who has claimed a lead to East Germany with a family because of police threat...

The Speaker, Mr. Geoffrey Thomas, said he would give a ruling after Mr. Frank Hooley (Lab., Healey) had argued that the supremacy of Parliament over civil rights issues could not be upheld under the present jurisdiction...

Mr. Hooley said that he and other MPs had tried to put down questions on Mr. Jones, but were told they would have to be held in suspension because sub-judice might be involved...

Rodgers warns on threat to rail fares and jobs

FINANCIAL TIMES REPORTER

MR. WILLIAM RODGERS, Transport Secretary, warned the Commons yesterday that excessive pay settlements with the British Rail unions would be "serious consequences" for fares, passengers and jobs...

His bleak message was delivered after the rate of fares had risen over the past three years had been criticised by Mr. Norman Fowler, Conservative transport spokesman...

Mr. Rodgers accepted that there had been "very large increases" in fares during this period, but he blamed the pro-

Cordle objects to Select Committee findings

BY RUPERT CORNWELL, LOBBY STAFF

MR. JOHN CORDLE served notice last night that he plans to bring a motion against the Select Committee on the Gambia...

By this omission, the committee had prejudiced "any fair consideration of my position and nullified the accuracy of their findings," Mr. Cordle said...

On his second grievance, Mr. Cordle said that the report's suggestion of a direct pecuniary interest in the Gambia was an indirect interest through his link with the Poulson company, Co-struction Promotion...

Phase Three collapse leaves policies in tatters, says peer

COLLAPSE OF Phase Three means a return to "disastrous 1974-75 period" when there were price controls on pay policy, the Earl of Leitch (C) claimed in the Lords today...

It was clear that the Price Commission Bill was transformed into the Government's only effective weapon on pay...

The Lords debate on the money, Lord Cowie, said it was intolerable that the Government should be able to cut profit margins and freeze a price freeze if there was no statutory endorsement of the Liberals...

Lord Peart, Leader of the House, said that the Chancellor had used the scope available to him last week for stimulating the economy to "set the best possible conditions for moderation on pay..."

The Government was determined that the limits it had set on money supply should be observed and the degree of stimulus given to the economy was the maximum consistent with the monetary limits...

"These limits allow for the real growth we want to see. If they are taken up by inflationary pay settlements, there will be less growth and more unemployment..."

Scottish Euro-seats demand

BY RAY PERMAN

THE SCOTTISH National Party should equal two Scotsmen or 15 to put down an amendment to one Irishman equal three Scotsmen in the European direct elections men...

He added that the votes of the 11 SNP MPs for the Bill could be put down on the willingness of the Commons to move towards seats in the European Parliament created representation for Scotland. The SNP will be demanding 16 seats to give parity with Denmark...

Mr. George Reid, MP for Clackmannans and East Stirlingshire, said yesterday: "It is quite unacceptable that one Dane fought with vigour..."

Written Answers

TREASURY Mr. Gwynfor Roberts (Lab., Carmarck). What study has been made of the use of credit cards in order to exceed the personal sterling currency limits on spending by British tourists overseas and what estimates are available for the sums involved? What steps are being taken to curb this excess spending?

Mr. Robert Sheldon, Financial Secretary. A British tourist may draw on demand from his bank, or other agency as authorised, up to £300 in foreign currency facilities for each journey outside the Scheduled Territories. With the approval of the Bank of England, additional amounts may be drawn provided it is clear that the facilities are required to meet genuine travel expenditure. The use of credit cards issued by companies resident in the U.K. is permitted. Such companies agree with the Bank of England the uses to which their cards may be put, and are advised by Bank of England letter of the terms under which they may reimburse non-resident suppliers and affiliates. The companies in turn advise the credit card holder on the use of the card outside the Scheduled Territories, which broadly limits use to meet genuine travel expenditure...

Mr. Austin Mitchell (Lab., Gt. Yarmouth). What is policy on the introduction of the Celsius Scale of temperatures and the phasing-out of the Fahrenheit Scale?

Mr. John Fraser, Minister of State. On July 7, 1976 the House debated and accepted the then proposed EEC Directive on units of measurement subject to certain amendments outlined in the debate. The directive incorporated the amendments finally adopted by the Council of Ministers on July 27, 1976. As part of our obligations under that directive, regulations have already been made authorising the Celsius scale of temperature and further regulations will have to be made, before December 31, 1979, to cease to authorise the Fahrenheit scale. This will mean that where legislation at present stands, a degree Fahrenheit is to be converted to a degree Celsius (°C)...

Oxbridge 'still hogs top civil service jobs'

GRADUATES from red brick universities still find it difficult to get to the top in the civil service, a Labour MP complained yesterday...

At the top level in all departments, Oxford and Cambridge still have a stranglehold, according to Mr. Richard Mitchell, MP for Southampton, Itchen...

He accused three Government departments — the Treasury, Foreign Office and the Industry Department — of ignoring a recommendation to broaden their graduates intake and has tabled a series of Commons questions...

The committee's conclusion is based on the words of Mr. Cordle's letter to Poulson on March 2, 1965, that it was largely Mr. Cordle's expulsion — no firm opinion has coalesced at Westminster, and it is unlikely to do so until the Government makes its own views clear...

So far — Cordle's expulsion — no firm opinion has coalesced at Westminster, and it is unlikely to do so until the Government makes its own views clear...

The MP's accusation of unfairness stems from the failure of the committee to allow him to rebut criticism of his behaviour — a contradiction, Mr. Cordle said...

Vehicle centre defended

THE "EXPENSIVE" national centre at Swansea has gone on lock again, Mr. Andrew Mackay (C, Stuchford) said in the Commons yesterday...

Mr. Mackay said there had been considerable improvement over the past year and staff were doing all they could to continue the trend. It would be easier when the records of all vehicles were computerised by early next year...

Had he been permitted to further hear Mr. Cordle, Mr. Mackay said that he would have proved that his financial arrangements with the firm were quite independent of the time he took in the 1964 debate...

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So far — Cordle's expulsion — no firm opinion has coalesced at Westminster, and it is unlikely to do so until the Government makes its own views clear...

The MP's accusation of unfairness stems from the failure of the committee to allow him to rebut criticism of his behaviour — a contradiction, Mr. Cordle said...

New policy body planned

A NEW research institute for policy studies may be set up in the U.K. The Social Science Research Council said yesterday it had agreed to provide up to £2m over 10 years to support such an institute — if other sources could contribute additional funds up to a further £3m...

Electricity Supply Commission

Guaranteed Floating Rate Notes due 1982

NOTICE IS HEREBY GIVEN that there has been selected by lot for redemption on August 15, 1977, and on that date ELECTRICITY SUPPLY COMMISSION will redeem through operation of the Sinking Fund, at 100 per cent of the principal amount thereof together with interest accrued thereon to the date fixed for redemption; \$1,000,000 principal amount of Notes of the issue above designated, bearing the following serial numbers:

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 7 452 928 1490 1761 2033 2306 2781 3173 3418 3839 4154 4613 5201 5416 5772 6016...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 11 (\$1,000) 263 (\$1,000) 303 (\$1,000) 321 (\$1,000) 494 (\$2,000) 683 (\$2,000) 813 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 12 (\$1,000) 264 (\$1,000) 304 (\$1,000) 322 (\$1,000) 495 (\$2,000) 684 (\$2,000) 814 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 13 (\$1,000) 265 (\$1,000) 305 (\$1,000) 323 (\$1,000) 496 (\$2,000) 685 (\$2,000) 815 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 14 (\$1,000) 266 (\$1,000) 306 (\$1,000) 324 (\$1,000) 497 (\$2,000) 686 (\$2,000) 816 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 15 (\$1,000) 267 (\$1,000) 307 (\$1,000) 325 (\$1,000) 498 (\$2,000) 687 (\$2,000) 817 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 16 (\$1,000) 268 (\$1,000) 308 (\$1,000) 326 (\$1,000) 499 (\$2,000) 688 (\$2,000) 818 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 17 (\$1,000) 269 (\$1,000) 309 (\$1,000) 327 (\$1,000) 500 (\$2,000) 689 (\$2,000) 819 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 18 (\$1,000) 270 (\$1,000) 310 (\$1,000) 328 (\$1,000) 501 (\$2,000) 690 (\$2,000) 820 (\$2,000)...

Table with 2 columns: Serial Number and Principal Amount. Includes entries like 19 (\$1,000) 271 (\$1,000) 311 (\$1,000) 329 (\$1,000) 502 (\$2,000) 691 (\$2,000) 821 (\$2,000)...

On August 15, 1977 the principal amount of each of the above listed Notes or portion thereof together with interest accrued thereon to the date fixed for redemption will become due and payable in U.S. Dollars, at the option of the bearer thereof or, in the case each Note is registered as principal, of the registered owner thereof, at the office of Citibank, N.A., 20 Exchange Place, N.Y. N.Y. 10005, Municipal Process Building, Window, 17th Floor, or (b) subject to applicable laws and regulations at the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London, Paris, the main office of Citibank (Belgium) S.A. in Brussels or the main office of Citibank (Luxembourg) S.A. in Luxembourg. Notes surrendered for redemption should have attached all unmatured coupons appurtenant thereto. From and after August 15, 1977 interest will cease to accrue on the Notes (or portions thereof) designated for redemption, and coupons appurtenant to such Notes maturing subsequent to August 15, 1977 will be void as to the principal amount called for redemption.

For the ELECTRICITY SUPPLY COMMISSION CITIBANK, N.A. as Fiscal Agent.

THE JOBS COLUMN

Company politics, and how to change them

BY MICHAEL DIXON

WE USED to have a saying in the firm of which I am now a member... I am now a member of the firm of which I am now a member...

Within the long wedge of which seems an extended version of the Eli Lilly rule of never surprising a company vice-president... As a result, I am left with several impressions...

Danger Without such a deliberate mixing of managerial skills, there is surely a danger of a whole organisation becoming confused about its purpose... There was nothing planned about that, he said...

again and again whenever the Lilly job, has made me into a situation comes up... Sometimes the company no way that we are going to politics have become so type-say anything in the first weeks...

Criteria

With a gleam in his eye, he set off to tempt with his current crisis while finding out what were the real managerial criteria of the company...

Tangling

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LONDON INTERVIEWS

Interviews will be conducted in London on August 1 and August 22 at the Portman International Hotel by Daniel Dyer, President, and Kevin Weaver, Vice President/International. To arrange interview appointment, reply in writing to: Kevin R. Weaver, Scientific Time Sharing Corporation, 747 Third Avenue, New York, N.Y. 1017, U.S.A. (212) 751-9305.

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The ideal applicant will be a qualified accountant or finalist with some experience of consolidations.

The ability to work unsupervised is essential and there is considerable scope for individual freedom of action. Opportunities for overseas travel will occur from time to time. A knowledge of German would be an advantage, although not essential.

SALARY WILL NOT BE A LIMITING FACTOR

Please reply to:

The Personnel Manager
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11-12 Clifford Street
London W1X 1RB

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High Volume Industrial Products

This appointment will appeal to an engineer or scientist with a production management background who is seeking an opportunity to contribute to the strategic management of a business unit.

The company is an internationally-recognised leader in its industrial markets. Responsibility, within an autonomous division, will be to the managing director for all aspects of production and production services at three factory locations. Around 1,200 are employed; processes are primarily high-volume metal forming and machining. The preferred age range is 30 to 40. Experience, in a relevant production management role, must have demonstrated competence in modern management information systems, including financial and budgetary control, and in employee relations. More senior general management opportunities will follow.

Starting salary will be around £10,000 with a car and normal large-company benefits including removal assistance to the pleasant northern location.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1573.

This appointment is open to men and women.



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Interviews will be held shortly. Application forms can be obtained from:
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Tel: 01-499 6629 or 01-499 6628

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Please send full details in confidence to:-
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RECRUITMENT CONSULTANTS
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OVERSEAS DEVELOPMENT

Marketing Information
s Advisor

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Promotion and growth has now led the company to require finance managers for the operations in Libya and Saudi Arabia. Each subsidiary turns over \$10 million and is growing rapidly.

In both cases, the finance managers will report to the local General Managers and be responsible for the full finance and accounting functions. Duties will include management reporting, cash management, development of computer systems, staff supervision and considerable involvement in commercial activities.

Aged 30-40, applicants should be qualified accountants with senior professional or industrial experience, preferably with an international bias. Please telephone or write to Graham Webster, ACA, MBA quoting reference I/1537.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn,
London, WC1V 6LR.
01-242 7773

OPPORTUNITIES IN INTERNATIONAL TELECOMMUNICATIONS

The Commonwealth Telecommunications Bureau which acts as the Secretariat for a Partnership of 26 Commonwealth countries who have agreed to pool their international telecommunication facilities has a number of senior level vacancies in the accounting area of its activities. The posts, which are new ones created to meet the challenge of the future, carry progressive salary ranges with appointment within the salary range dependent on experience and qualifications. A non-contributory pension fund is available.

The work covers implementation of the Partnership financial arrangements and development of management information in the financial, costing and tariff fields. Extensive use is made of a computing system for these purposes.

ACCOUNTANT £5,800-£6,800 p.a.

Responsible for the production of computer-based management accounts to tight deadlines, and under rules which are complex and, in some ways, unique. The successful applicant must be able concurrently to grasp quickly the principles of telecommunication services and routing and of the different functions of the telecommunication equipment in the global network, to ensure correct application of the accounting rules.

Applicants must have at least four years experience of working at a senior level with a complex computerised accounting information system and must have practical knowledge of the problems of data acceptance, error correction, and control procedures. Familiarity with telecommunication systems would be an advantage.

DOCUMENTATION AND INFORMATION OFFICER £5,800-£6,800 P.A.

Responsible for drafting and producing rule books, training manuals, analytical case studies and instructional seminar material. The subjects are broadly financial but the successful applicant will need the ability to grasp quickly and in detail the working of the computer system, the principles of telecommunications routing, and the uses to which telecommunication facilities can be put as well as the financial arrangements of the Partnership. Applicants must be able to demonstrate the ability to comprehend complex problems readily.

Strong verbal skills, with proven experience in writing rules and notes on complex matters lucidly and precisely are especially necessary and applicants will be required to provide samples of their work in this field.

ANALYSTS £4,800-£5,600 P.A.

To advise and assist in the resolution of problems arising from the implementation of the Partnership financial arrangements. The successful applicants will be required to become familiar with the financial policies of and the market served by the Partnership and, at a detailed level, with its accounting rules and the computer system. They should be able to demonstrate adequate experience in statistical analysis, the development of management information systems and in the analysis of problems. They should have strong verbal skills, and the ability to identify clearly policy alternatives.

COMMONWEALTH TELECOMMUNICATIONS BUREAU
28 Pall Mall, London, S.W.1

Phone Mrs. Auv 01-930 5511 for an application form or write in confidence to the General Secretary at the above address.

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The Royal Trust Company of Canada, successfully operating in the United Kingdom since 1929, is developing lending to the corporate sector and will appoint an experienced banker to take charge of this function. This is a new senior position within the organisation.

Applicants (male or female) must have a strong background in financial analysis and accounting with a minimum of ten years bank credit experience, half of which should be as a lending officer. The ideal applicant will probably be in the 30-35 age range and must have demonstrated client handling ability as well as being knowledgeable in credit and loan administration. The person selected will have an opportunity through his/her own personal ability to market the service and generate new business.

Responsibilities will also include the development of credit analysis and loan control functions, training of subordinates, organisation and implementation of a corporate marketing programme and negotiating new lending agreements.

An attractive salary plus an extensive range of benefits will be offered to the right candidate.

Please write with full career details, in complete confidence, to:-



M. F. O'Meara
Personnel Manager
THE ROYAL TRUST COMPANY OF CANADA
Royal Trust House 54 Jermyn Street
London SW1Y 6NQ 01-629 8252

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An international bank wishes to appoint a bank representative to develop its U.K. loan portfolio. Applicants aged 26/28 should ideally possess a M.B.A. or similar qualification, and have worked at least three years credit analysis and marketing experience which should include most aspects of international banking practices.

Please contact: LESLIE M. SQUIRES

Jonathan Wren & Co Ltd, 170 Bishopsgate, London EC2M 4LX 01-623 1266

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Reporting to the Financial Controller, the successful applicant will initially concentrate on the development of improved management reporting and control systems. Subsequently, he/she will assume a wide range of responsibilities covering management reporting, cash management, capital expenditure control, tax planning and funding.

Applicants, ideally aged 35 to 45, must be qualified accountants, with several years' post-qualifying experience outside the profession. This should have been at senior financial level and included responsibility for most of the activities outlined above.

Write in confidence, quoting reference 3336/L, to M.D. O'Mahony,



Peat, Marwick, Mitchell & Co.,
Management Consultants,
11 Torrington Lane,
London, EC2V 8AX.

SENIOR FOREIGN EXCHANGE DEALER LUXEMBOURG

A dynamic international bank whose shareholders include some of the most prestigious banks in Europe and the Arab world, requires a Senior Foreign Exchange Dealer with a minimum of three years spot-dealing experience. The ability to speak, or at least understand, German is essential. The position is based in Luxembourg, where an attractive salary and fringe benefits complement the other advantages of residence in one of Europe's key focal points.

The successful candidate will play a highly visible role in the bank's operations in world money markets, and future career opportunities will be limited only by his performance.

Please reply with career details in full confidence to Box A6021, Financial Times, 10, Cannon Street, EC4P 4BY.

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A leading North American investment dealer with offices in London and other major European cities wishes to augment the staff in its Institutional Department by the appointment of an experienced institutional salesman/woman.

Reporting to the Resident Manager you will join a small team handling investments in North American markets, mainly Canadian stocks on behalf of institutional clients in the UK and Europe.

Candidates should be aged up to 30 years with experience of dealing in the North American markets and in particular Canadian securities. Some knowledge of North American company operations would be useful.

The salary shown is negotiable and there are company benefits.

Please telephone Richard Williams PER on 01-235 7030 Ext 373.

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Please write to A. F. Brignall, Personnel Department, Hambros Bank, 41 Bishopsgate, London EC2P 2AA.



HAMBROS BANK

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Applications are invited for the post of Workshop Specialist to work in the Forestry Project financed under IDA credit. Period of employment is 12 1/2 years from 16th September, 1977, and remuneration U.S.\$30,000 per annum.

Detailed information of Terms of Reference and Conditions of Employment may be obtained on request from:-

Managing Director,
TIMBER CORPORATION,
P.O. Box 206, Aungmye, Rangoon, Burma
or from the Burmese Embassies and Consulates.

Applications should reach the Managing Director, Timber Corporation on or before 31st July, 1977.

Marketing Director Designate

c. £12,500

This outstanding career opportunity is offered by Portals Ltd, the world leader in the manufacture of high quality papers for currency and security documents. The successful candidate will take over the entire commercial function from the present director on his retirement. Initially he/she will assume responsibility for market research, product planning and market intelligence, plus the total activity related to non-currency papers. Candidates aged 35-45 should be graduates whose industrial marketing approach is numerate, analytical and innovative. Their recent experience, very likely gained outside of paper and print should have involved top level

negotiations with industry and/or government. The remuneration package is widely negotiable and comprises salary, profit sharing and car. Location: domiciled rural Hampshire with the need to travel extensively. All replies will be studied jointly by a PA Consultant and Portals Ltd. Reply: PA Personnel Services SM34/8063/77. The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW7X 7LE. Tel: 01-235 6060 Telex: 27874



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Stock Exchange. Candidates should have worked for some time in a computer-based company which successfully operates tight financial controls. The post will probably be offered to a person already earning a five figure salary, and a comprehensive benefit package will be arranged to attract the right individual. (Ref: G2129/77) REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager, listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference number on the envelope.

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London

c. £8,500 + Car

Our client is a major multi-national group who are the dynamic market leaders in their field.

The international growth of the company over recent years has increased the scope and complexity of its tax affairs and consequently the group is now seeking to strengthen its highly skilled tax function. This handles its U.K., international and personal tax affairs and is concerned with consultancy and planning activities in addition to compliance work.

Applicants (male or female) will probably be qualified accountants aged in their late twenties although experience gained in the Revenue could prove suitable. They should have broad tax experience, the ability to communicate with senior management and demonstrate the management potential which will enable them to progress within the group.

For more detailed information concerning this appointment and a personal history form, please contact Nigel V. Smith, A.C.A. quoting reference 1909.

Douglas Lambie Associates Ltd.,
410 Strand, London WC2R 0NS.
Telephone: 01-836 9501.
121 St. Vincent Street, Glasgow G2 5HW.
Telephone 041-226 3101,
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TELEVISION The trend is digital

BASE CODE transmission and recording principles originated in the 1930s and now commonplace in telecommunications systems seem likely to take a long time before long in the television studio, judging from the search results obtained at the Broadcasting Authority's Winchester laboratories. The idea is that, apart from original camera outputs, all signals that are amplified, muted, faded, mixed, wiped, faded, captioned or otherwise manipulated in a TV studio are radiated from the transmitters, will be dealt with digitally.

Advantages are the same as pulse code modulation for speech transmission: each element of the signal is amplified or otherwise processed, no phase shift (causing ripples) or colour distortion (caused by phase shift) is introduced because a new train of identical, completely fresh pulses is generated each occasion.

Another advantage is that digital circuits are generally more reliable and stable and in some instances can be more economical because of their wide-range use in the data processing industry. Furthermore, video information in this form can be readily stored in digital memories for a length of time and can then be read out at normal, higher or lower rates. The signals can be delayed, time stretched or compressed, standards-converted and can be readily controlled by or incorporated into a computer system. One of the objects at the IBA laboratories has been to keep a minimum of such a system to solve problems of video recording, such as the signal degradation which occurs when recording many times in the same process.

This means sampling the analogue signal as infrequently as possible, but not to the extent that the picture suffers. For example, sampling at only twice the colour subcarrier frequency would normally be regarded as too low. However, IBA engineers have found a way of doing this using two stage digitisation and special filters so that subsequent and limited devices such as re-

orders can operate at rates equivalent to twice the carrier frequency. The research team has also succeeded in modifying a standard broadcast analogue video recorder—using a careful choice of coding strategy for optimum recovery of data from the tape—so that half-width pictures can be recorded that are virtually indistinguishable from the original. Restriction to half width is only a physical shortcoming of the machine used: a recorder directly based on the IBA system would use a standard two-inch video tape running at 7½ inches/second to record the whole of the picture. IBA claims that no comparable demonstrations of digital video recording have been given by any other organisations. Tape consumption—an expensive item in running a studio—is likely to compare favourably with analogue machines. Such a recorder if it were now developed quickly would clearly have great export potential.

Other "digital" teams at the laboratories are looking into information systems for use in the new regional operations centres of the Authority. This will enable the entire network of 370 transmitters (a figure growing at the rate of one a day) to be controlled from only four centres instead of the original 14. Another system, called DASH (digital automatic measuring equipment) provides quality monitoring of unattended colour transmitters.

It may be that within a decade or two the television camera itself will come to be seen as the rather stubborn remnant of a fast-fading analogue world. It will almost certainly soon be made to emit digit streams, although how far back into the camera itself this process will penetrate is a moot point.

But as the electronic world surrounding television—computers and communications—assumes an increasingly digital shape, it cannot be that many years before the transmitters themselves follow the same path: after all, experience abounds in the radar world. And by that time the TV set at home may need to have a distinctly digital look too.

GEORFFREY CHARLISH



These electric motors are intended primarily for use with deep-well turbine pumps and are designed so that the pump-shafts may pass through the hollow drive-shafts. The motors are mounted vertically. An order worth £142,000 for these units has been obtained by Newman Electric motors and some of them are seen here being prepared for despatch from the company's Yate, Bristol factory. The motors are destined for the Tabern Regional Water Board's Daskir Irrigation project in Iran.

INSTRUMENTS Easily used lens gauge

AN optical test gauge for assessing the quality of lens used in photographic and television work has been developed at the Sira Institute with financial support from NRDC and the Independent Television Companies Association. Consisting of three elements—image analyser, object generator and electronics unit—the equipment has been designed to be used by technicians lacking special optics training. The three units are portable and are set up and used in a similar way to filming activity. The object generator is the target, the image analyser represents the camera and the lens is set up and adjusted in the same way as if it were on a camera. The apparatus is then used in either a camera or projector mode to allow measurements to be made of modulation transfer function, lateral chromatic aberration, transmission, T stop, relative field illuminance, glare, distortion and back focal length. The first six instruments are being prepared for customers in the TV industry. More from Dr. T. Wojtowicz, Sira Institute, South Hill, Chislehurst, Kent, BR7 5EH (01-467 2636).

METALWORKING Simple bore cleaner

GETTING ALL the sand out of passageways cast into a component can be a problem, especially when bits of the core material become embedded in the passage walls. A simple solution has been devised by B. O. Morris, based on the company's flexible-drive grinding unit. The latter's multi-strand flexible shaft is stripped of its usual protective cover and a plain spherulite fitted on one end with a threaded shank on the other. One of the company's tapped bead rotary cutting tools, such as a small spherical burr, is screwed on to the threaded shank. In operation, the shaft is fed through the port or passageway to be cleaned. The plain shank is fitted in the chuck of a hand-operated grinder. With the grinder switched on, the shaft is slowly pulled through the bore to be cleaned. Its natural flexing and the burr at the end, ensures that all loose material is removed from the inner surfaces. This is particularly important when the passageway is intended to carry hydraulic fluid, lubricant, or fuel. More from B. O. Morris, Briton Road, Coventry CV2 4LG (0203 450041).

PROCESSES Scrubs gas two ways

TWO METHODS of gas cleaning are combined in the Danist fume scrubbing unit—a centrifugal cyclone and an irrigated packed tower. Heavy dust particles in the gas stream are removed in the centrifugal section and deposited in an oil bath. The fume laden gas is then passed through the tower which is packed with ceramic saddles irrigated with oil. The extended surface area and frequent direction changes created by the saddles collect most of the remaining particles in the oil. The second stage of the irrigated fill consists of a series of metallic mesh filters which trap the final particles. Both sections are fed by a pump circulating oil to two headers, one above the ceramic fill the other above the metallic wool. The last section of the unit contains a metallic mesh mist eliminator which removes any oil entrained in the air stream and drains it back to the base oil tank. The oil is replaced when its viscosity increases the pressure drop across the irrigated portions of the unit. Maximum fine emission is stated to be 25 milligrammes/cu. metre. Capacities range from 2,000 to 22,000 cfm. Typical applications are for forging presses, hammers and remelt furnaces. Details from Indusvent Engineering, 14, Long Lane, Rowley Regis, Warrley, West Midlands, B65 2HY (021559 5455).

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driven by a 3-phase variable frequency oscillator. Rotation, in either direction, can be varied from 50 to 1,000 rpm. Agent for the U.K., Norway, Denmark, Holland and Belgium is FieldTech, No. 2 Maintenance Area, Heathrow Airport, Hoddeston, Middx. TW3 5AF (01-758 2811), a Hunting Group company.

POLLUTION Gets oil off walls

ADDED TO the range of oil-spill cleaning equipment available from Biggs Wall is a portable dispersion unit for removing residual oils from sea walls and other vertical surfaces. Mounted on a two-wheeled trolley, the equipment consists of two pressure vessels, each of two gallons capacity and each with a hand-operated pressurising pump. The vessels are connected by hoses to mixing valves and an application lance. In operation, one of the vessels is filled with sea water and the other with a non-toxic dispersant concentrate. Both are pressurised to about 70 psi. Mixing of the liquids is adjusted through valves at the lance to create the desired gelling effect. The resultant mixture adheres to the contaminated surface, where it is left for several hours before being washed off, either by hose or by tidal action. Empty, the equipment weighs 50 lbs. and if necessary it can be dismantled for transport in areas difficult of access. Details from Biggs Wall and Co., Hampden House, Hirthin Road, Arlesey, Beds. MK42 7JL (0462 731133).

Multiple magnetic stirrer

UP TO 30 different solutions can be stirred individually or simultaneously, at the same speed, temperature and duration, with a multiple electro-magnetic stirring device developed by EDMAC Associates, East Rochester, New York, U.S. Beakers containing the solutions to be stirred are placed on a non-slip vinyl mat which covers the top of a stainless steel unit (the unit can be immersed in water up to 180 deg. F). A bar magnet is placed in each beaker, where it forms the rotor of a 3-phase, 2-pole synchronous motor. Motionless ferrite electro-magnetic assemblies under the stirring table generate rotating fields. Excitation is produced by solid state power amplifiers.

Water jets clean castings

CERAMIC OR sand core materials from foundry castings can be removed with a water jet machine devised by Dare Hydrabone. It is claimed to eliminate the environmental problems created by percussion and vibratory methods, and to reduce operator fatigue. Unlike manual

ELECTRONICS Boosts the microwaves

BASED on a high efficiency silicon impatt diode designed and made at Dunstable, Microwave Associates has developed and is now manufacturing a 0 GHz amplifier with a nominal gain of 13 dB and the ability to provide 500 mW of power over a 500 MHz bandwidth. The amplifier, MLI-100/2, is intended for use in microwave transmitters and similar equipment where the input power available exceeds 25mW. Woodside Estate, Dunstable, operated under these conditions Beds. LU5 4SX (0582 601441).

Why Detroit Buys British



Detroit originally used steel forgings for this type of component. They now use Ley's "Lemax" 45:2 heat treated Pearlitic malleable iron castings. "Lemax" has immense mechanical strength and can be flame or induction hardened.

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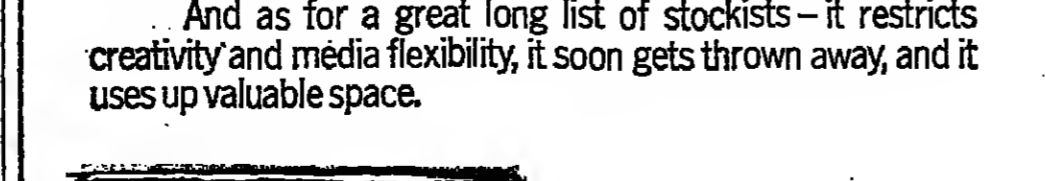
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July 1977



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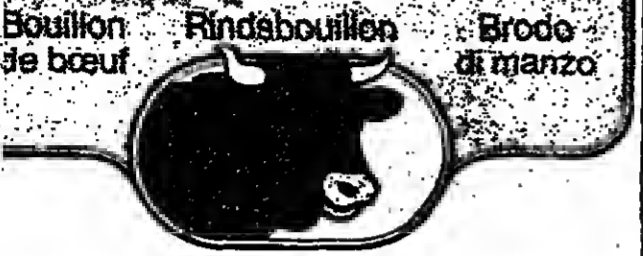
TELEPHONE: 436 7814

Wellsho

Beefed up bouillon cube ATTLE in export markets

MICHAEL THOMPSON-NOEL

AS TO NEWCASTLE? How McGrath, Oakland has beefed up its share of the cube market to approximately 5.5 per cent. and annually produces 80m. cubes. Oakland moved to Northern Ireland in 1974 when it was re-capitalised to the tune of £400,000, thanks largely to assistance from the Northern Ireland Finance Corporation. The move was made to improve the company's productive capacity more in line with its sales potential within a few years. The first couple of years in Ireland proved tougher than



expected, and a series of initial production setbacks meant that the NIFC, now the Northern Ireland Development Agency, was called in for further support. The confidence seems to have been paid off. The bouillon cube for Migro has been specially developed to meet Swiss taste, and which at that time was free of retailer own brand competition. It was a good and despite initial slight loss from Migro, which reduced with very generous discounts. Oakland managed to capture a 1.5 per cent. market before Bond Oxo, which will spend £4.5m. on consumer advertising this year, nearly £2m. of which will go to support its Oxo cubes. But it must be eyeing its inventory, say Fishburn and

McGrath, who now operate primarily on the marketing of Oakland's products. They are looking for good future growth in lucrative export markets. Oakland is still small to cause undue concern at Brooke Bond Oxo, which will spend £4.5m. on consumer advertising this year, nearly £2m. of which will go to support its Oxo cubes. But it must be eyeing its inventory, say Fishburn and

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McGrath, who now operate primarily on the marketing of Oakland's products. They are looking for good future growth in lucrative export markets. Oakland is still small to cause undue concern at Brooke Bond Oxo, which will spend £4.5m. on consumer advertising this year, nearly £2m. of which will go to support its Oxo cubes. But it must be eyeing its inventory, say Fishburn and

Focus on TV costs

BY ROGER BEESON AND TONY STREATHFIELD

RECENTLY this page carried an article by David Reich of the Media Department on the relative costs of media advertising across Europe. It carried a graph of cost indices for the U.K. which suggested that, compared with 1970 media values, by the end of the year TV will be costing 3.5 times more, newspapers 2.25 times more and magazines 1.9 times more. This is set against increases in consumer prices of 2.5 times over the same period. In other words, while newspaper and magazine cost increases have stayed below increases of consumer prices, TV cost increases have raced ahead of them.

In our view, the picture painted for the U.K. grossly exaggerates the increase in TV costs, although the rest of the article gives a good explanation of the causes behind the inflation. Let us examine ABH estimates for the same period. We broadly agree with David Reich's estimates for consumer price increases but our graph shows TV cost increases below the line

Index of increased costs—1977 to 1970 (=100)

| | David Reich estimates (interpreted from the graph) | ABH estimates |
|-----------------|--|---------------|
| Consumer prices | 255 | 250 |
| TV | 355 | 250 |
| Newspapers | 225 | 225 |
| Magazines | 190 | 210 |

for consumer price increases over most of the graph. If based on the same data for the first part of the year and how we expect the rest of the year to go. In fact for 1977 our forecast of an increase of 22 per cent. in TV costs matches David Reich's estimate. In passing it is also worth mentioning that our Press statistics use the analysis conducted by the AA up to 1975 with projections based on a sample of publications using the same method for the two final years. Nineteen-seventy-seven of course includes an element of forecasting too.

In conclusion we would claim that for most TV advertisers our forecasts of cost inflation are more relevant. While nobody should be complacent about the advertising over the past two years, they have only just caught up with increases in consumer prices and are not far out of line with the increased costs of Press advertising.

Roger Beeson is Media Director and Paul Streathfield is Media Controller of ABH.

Recondite ASA cases

BY PAMELA JUDGE

MOVING SODS after exceptionally heavy rainfall, Ella Fitzgerald's amplified voice which broke a wine glass and the Provost of Cumbria and Kilsyth on the date of the British monarchy were among the more recondite of the 66 cases dealt with by the Advertising Standards Authority during May. Advertised "Prompt deliveries of weed-treated turf" do not occur after heavy rain until conditions improve, the ASA discovered and which had to satisfy the complainant. The shattered wine glass case was substantiated and the advertiser was "entitled to emphasise the qualities of his product" said the authority. The dating of the British monarchy on a collection of commemorative medals brought an apology for any offence or embarrassment and

an assurance that further referential material would clarify the position regarding Scottish and English monarchies. In all, the ASA's latest report deals with 99 cases of which 33 involve copy claims. Of the others investigated 47 were upheld either wholly or in part. The areas of the Code of Advertising Practice which brought up the greatest number of complaints were exaggeration, bad taste, price reference and lack of clarity. In the breakdown of complaints motoring (plus fuels, services and accessories) again led the field followed by retail stores and outlets.

● Predicting billings of £1m. next year, Smith's Food Group has chosen Dorland to handle the crisps account. The agency's work will include Salt N Shake, the crisps with the blue bag of salt, Square Crisps, currently on test in the south west, and some new development projects. French Gold Abbott, The Kirkwood Company, and Davidson Pearce Berry and Spottiswoode also pitched for the business which was with Ogilvy Benson and Mather.

● Mather and Bensaons has won the London Tourist Board account which comprises promoting London to home and overseas tourists (including the River Thames and tourist information centres) and promoting the advantages of LTB membership to such parties as hotels and shops.

● Cadbury's confectionery group has placed its Dairy Milk chocolate advertising with Lec Burnett. ● Billings of some £100,000 from Lindt and Sprungli, the Swiss chocolate manufacturer, are expected by new agency Lonsdale Osborne. ● Following integration of the U.K. sales and administrative forces of Anglo-Dutch Cigar Company (Willem II brand) and Colibri Lighters the account has been placed with Graham and Gillies and Warwick. The promotion budget is around £250,000. ● The Marketing Society annual conference is to be held on September 29 at the Purcell Room, South Bank, London. The theme will be "Key questions in marketing today" and speakers include Sir Marcus Sleaf, chairman of Marks and Spencer, and Ken Webb, chairman of Birds Eye. ● Six-month circulation figures to June for the women's magazines group in IPC Magazines show gains for nine of the thirteen titles (three of which are not strictly comparable). Among those showing rises are Hoover-Homes and Gardens, Woman, Woman's Own and Woman and Home.

Selling the annual report

Contrary to custom, company annual reports are now enjoying the status they deserve as important marketing documents. TONY DAKIN reports

TRADITIONALLY, the City has been suspicious of publicly quoted advertising agencies. Phrases like "agency assets go out by the lift every evening" and "accounts change on the whim of the chairman's wife" behind TV opinion to the facts, and the facts are that large advertising agencies are among the most stable of operations. Moreover, if the experience of the last four or five years is anything to go by, they are rapidly becoming extremely solid and reliable investments.

Look, for example, at the top ten agencies of 1975 and compare them with the names in the 1970 league table—seven agencies appear on both lists. As for fears that major advertisers are consistently switching their business, them stay with the same agency: the truth is that the majority rarely change.

Perhaps more to the point as far as the City is concerned, agencies are much more profitable operations than is widely thought. In the last five years, for instance, pre-tax profits of advertising agencies have exceeded the comparable profits of industry as a whole on four occasions.

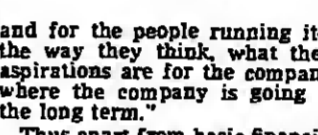
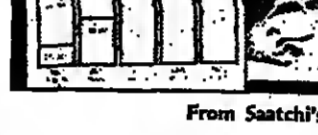
Making certain that the City has the correct information is particularly important to the four quoted agencies whose shares are dealt with actively on the Stock Exchange. The news is perhaps even greater now that the fifth, Kimpher, has been bought by a Guinness Investment subsidiary: if an advertising agency does have problems the fish-tank atmosphere of the industry ensures that it gets more than its fair share of publicity.

As it happens, Saatchi and Saatchi, Britain's leading advertising agency, including British Leyland, Rowntree-Mactosh, United Biscuits and Dunlop, is trying to improve the image of advertising in City and business circles. It is the largest and most profitable of the quoted agencies and its rapid and sustained growth, which has made it the fourth largest agency in the U.K. in just six years, ensures that the company gets a more receptive hearing than most. Saatchi devoted a great deal of care and attention to producing a frank and comprehensive annual report—arguably one of the most impressive to fall by stockbrokers' desks for a long time.

The agency studied several hundred company reports before embarking on its own which, it says, was intended to supply information "not only on our company's profits and broader financial status, but also on the advertising industry, its

strengths (and weaknesses); its management structure and how it sees its future and the future of the industry." What was deduced was not only a simple graphic style of presentation of the key facts and figures about the company but also an appraisal of the company's future plans and objectives in the industry.

As Charles Saatchi says: "What was lacking in many of the reports we studied was a 'feeling' for the company itself in the form of a poster for the



From Saatchi's outstanding report

and for the people running it—existing customers are other obvious recipients. Salesmen, especially overseas, ought to carry copies. Thus informing potential clients of the full range of their firm's activities. And of course financial analysis should be on the mailing list along with shareholders.

But there is little point in using the report as a mailing shot if it is boring. The information which must be carried can easily be allocated to the back, and further distinguished by being printed on different coloured paper; the rest of the report is, as the Saatchi brothers are anxious to point out, an opportunity to market the company.

More refined annual reports increasingly start with a statement of the company's activities or the highlights of the year, then proceed not just with a list of directors but some personal details about them. They give the simple financial facts before going into an attractive description about the company and its history over the previous year.

A good example of this form of thinking is the Westinghouse Brake and Signal report. Annual Reports produced for the company. The report first describes the company and its directors. This is then followed by the year's highlights, the chairman's statement and a series of drawings of the Westinghouse product range. (Photo graphs were considered to be too expensive and too dreary: On the day the report appeared most share prices fell. Those of Westinghouse rose and the report gets some of the credit.)

Taking a professional approach to the annual report usually costs more money—a consultant's fee could be £4,000—much of this can be recouped by asking for competitive economy from printers. In the main, objections to refashioning the report come from company secretaries and directors who fear a "glossy" report looks especially to shareholders, in a generally depressed economy. But improved annual reports should not be glossy: it should communicate.

It is up to advertising agencies, acting with the marketing directors who now usually wield considerable power in companies to argue the case for an annual report which sells a company as against the traditional financial view of the accountants, who have so long dominated the document. As companies become more accountable to their own work force, to the local community, to the Government, to customers, so should they make their accounts their marketing balance sheet. This is particularly true for the publicly quoted advertising agencies. And if they can't communicate to shareholders, the City or to whoever, who can?

New media head for JWT

TIMOTHY JOYCE is to be the new media director of J. Walter Thompson in succession to David Wheeler who is going to the Institute of Practitioners in Advertising to take over as director when James O'Connor retires. Mr. Joyce is 43 and will join the JWT Board on September 1. At present Mr. Joyce is president of the JWT New York subsidiary Axion Market Research Bureau; he joined the JWT subsidiary British Market Research Bureau in 1953 and the Target Group Index was one of the research services he introduced. In 1972 Mr. Joyce launched the TGI in the U.S. where it now has over 300 subsidiaries.

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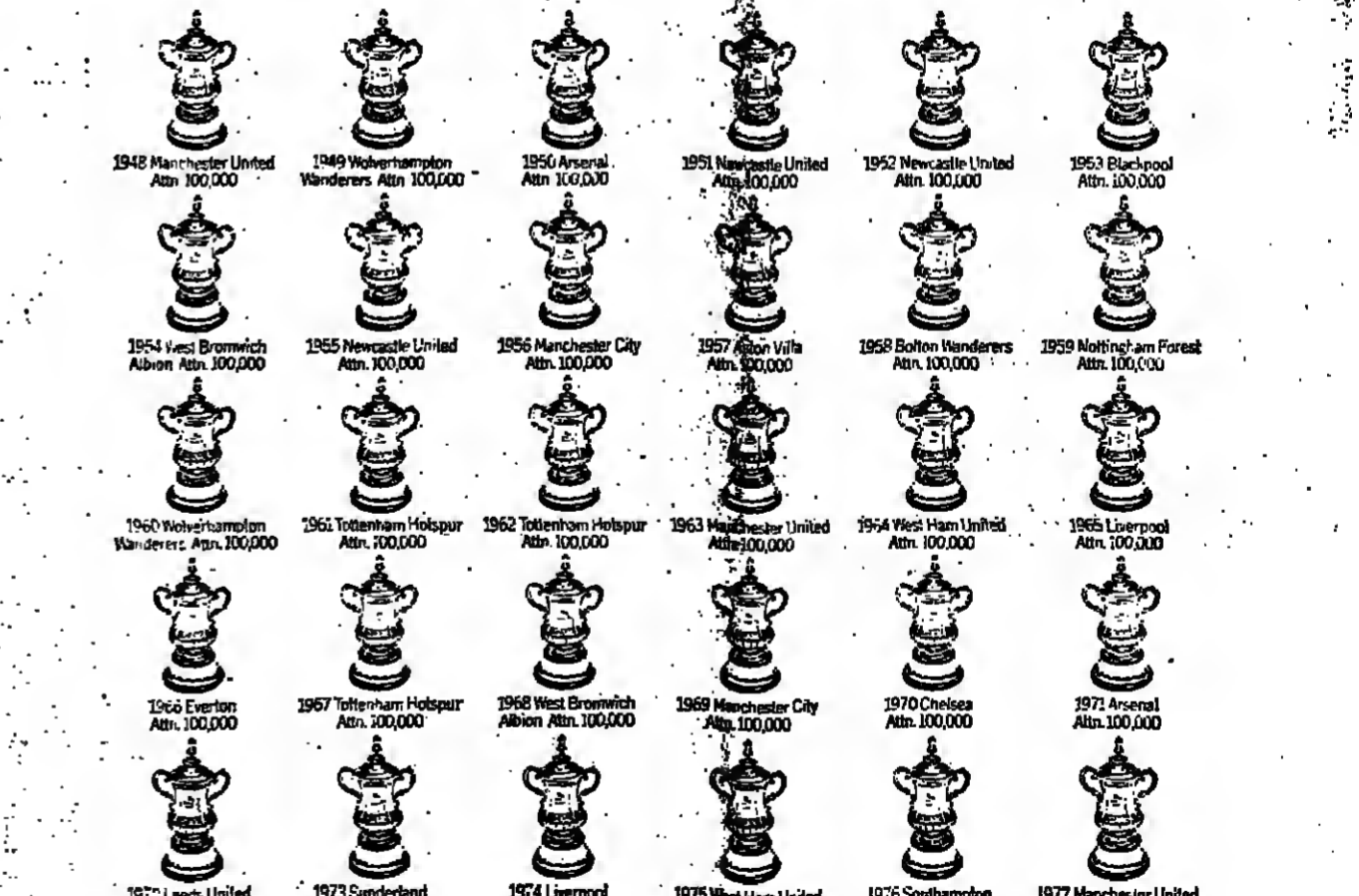
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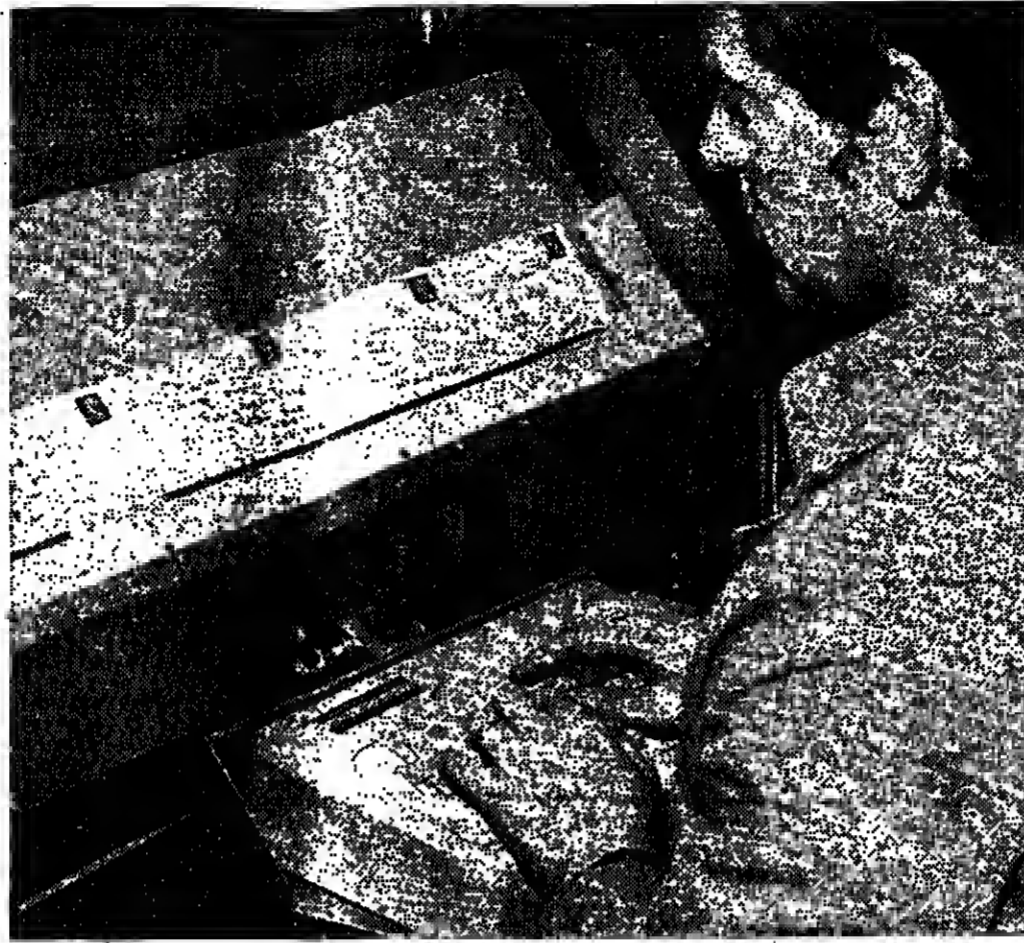
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A chance of expansion for the postal service

BY JOHN LLOYD



The new coding desk system in a Post Office mechanised sorting office. The envelopes pass in front of an operator as he reads the addresses and types out the code.

THE splitting of the Post Office into a postal division and a telecommunications division, both entirely autonomous, is the most dramatic of the Carter Committee's proposals.

Yet the split is not the most far-reaching of the Carter recommendations. In the first place, the Post Office has in effect two corporations since it was cast loose from Government in 1969.

The Post Office labour under a number of problems, not all of its own making. It was made a Corporation under the terms of the Post Office Act 1969, which laid down that "it shall be the duty of the Post Office to exercise its powers as to secure that all its revenues are not less than sufficient to meet all charges properly chargeable to revenue account, taking one year with another."

To follow this principle, the Post Office operates a system of fully allocated costs, resulting in prices which are more or less rigidly fixed no matter what type of customer wishes to make use of its services.

When, in 1975, postal charges all but doubled within months, the (inevitable) consequence of Government pressure on the Post Office to adopt economic pricing, the effect was to thrust the Corporation's pricing policy into the limelight, to be ruthlessly scrutinised by consumer groups.

The Carter Committee was impressed by these proposals, and has adopted most of them. Its report is strongly biased towards the consumer, and to offsetting the effects of the monopoly position which the Post Office enjoys, both in letter carriage and in telecommunications.

The tendency in the Post Office will be to respond defensively to the explicit and implicit attacks made upon it. It can point (as does the Carter Committee Report) to the fact that postal services are declining everywhere, and that Britain's are, of the very least, declining more slowly than those of other countries.

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few huge sorting offices, a situation he advises the Post Office to avoid. This has meant that against these trends, at least in a growing number of enterprises are seeking alternative, private carriers for their mails.

More generally, costs in all European countries are higher (see table), and service often worse; many postal services do not deliver to the door, but require their customers to collect mail from central distribution points.

It is so partly because it succeeded in arousing widespread hostility over two rapid and swinging price increases within months of each other; partly because of a distrust of its monopoly position and power; partly because, in the POUNC and the MUA, there are two relatively effective and outspoken consumer protection groups; and partly because the Post Office has ensured a reasonably high standard of efficiency in most areas of activity, and thus criticism starts from a relatively high base.

Charles Carter accepts the need for the Post Office to become a more entrepreneurial organisation, aggressively going into the market place and creating business by offering cut-price deals to businesses right down to local level. But he understands the difficulties the Post Office will experience in attempting to follow his recommendations. He thinks it will take time, and sees it as fortunate that a new top management is coming in at the same time as his report is published.

However, in his view, the post Office must adopt imaginative marketing if it is not to be reduced to the status of a helpless onlooker of its own decline. Posts are—for the first time—under sustained attack by new forms of telecommunications services. Facsimile, Viewdata, Videophone, Telemetry, Teletext and the names are futuristic, but the equipment is either being developed or already in operation. All of them replace, to

some extent, the letter. In order to work effectively against these trends, at least in the short term, the postal managers must become much more like the managers of local branches of companies, committed to seek out business, with a firm grasp of costs. At present, local post office managers are essentially concerned with the business of dealing with letters and parcels—in other words, with labour problems. They are now being joined to concern themselves with the customers.

The Post Office must thus adopt the slogan of the clearing bank which declares that its roots are its branches. To nourish these roots/branches, the central and regional headquarters must provide sophisticated information on pricing, as well as training about how to operate a system of short-run marginal cost pricing. Marginal cost pricing entails knowing what your fixed costs are, what your spare capacity is, and how much you can lower your economic. It is relatively easily done, once you know how.

The trade unions would be required to change their practices in the same way as management. With the effective control they exercise over the pace of work, they would have to be convinced of the value to their members of taking on extra work, often within standard working day. Productivity bonuses are one obvious means of encouragement.

Charles Carter's hopes for bi-Committee's report are, naturally enough, that it should be adopted at least in principle by the Government. He identifies as most important the provision for a Council on Post Office Affairs which would straddle the two independent corporations and advise the Secretary of State for Industry on their strategy and performance. It is here where the prime source of consumer power would lie. The Council would include the chairman of one other member of the POUNC, and possibly other consumers' representatives. The POUNC itself would be strengthened in that it would receive earlier notice of the future plans of the Post Office.

Although he has a reputation as a liberal (in the philosophical sense), Mr. Carter insists that it is not doctrine which has made him, and his committee suspicious of the monopoly powers of the Corporation. "Monopolies must be carefully watched," he says.

If his recommendations are acted upon, the Post Office will find itself watched from two directions—from above by the Council, and from below, its consumers expressing their desires through kind of market-time will no doubt tell whether this dual surveillance will be efficiency or merely frustration.

Good while it lasted

THE GROWTH of basic wages has been steadily decelerating, and in June the index of hourly rates was only 5.5 per cent. higher than a year before. It may be objected that his particular index is of limited practical value, since it years only a distant and varying relationship to what people actually earn. The index of earnings for May—it is always published a month behind the other—is 10.3 per cent. up on the year. In the first 10 months of Phase Two it rose by 8.8 per cent. and looks likely, given the pattern of settlements, to be up by less than 10 per cent. for the full 12 months. That would be rather more than was at one time hoped, but would still represent a considerable success for voluntary restraint while it lasted.

The success is all the more striking when one compares the growth of wages with that of prices: the index of retail prices for June was nearly 18 per cent. higher than a year before. This fall in real disposable incomes is the real success of Phase Two. Together with the squeezing of differentials and the loss of flexibility in pay structures which wage restraint has entailed, however, it is also one of the strongest forces making for large pay demands as soon as Phase Two comes to an end.

That explains the emphasis of the somewhat meagre guidance to member unions which is all that the TUC Economic Committee has felt itself in a position to issue. In the first place, the Committee urges members to look forwards rather than backwards in formulating their pay claims; in the second place—though admitting the practical difficulties—it attaches the greatest importance to maintaining the rule about allowing (except in the case of genuine productivity deals) a 12-month interval between successive pay settlements. The importance of the first point is that the fall in

How a monopoly can be made to compete

THE POST OFFICE is too big, too centralised and too cumbersome in its decision-making. That is the justification for the Carter Report's central recommendation, which should be promptly accepted by Government—to create two separate corporations for postal services and for telecommunications. That change needs to be accompanied, as the report says, by much greater delegation of authority to local managers. The need to make managers more entrepreneurial in outlook and more responsive to the needs of the market is one of the main themes of the report. But how does one create the necessary pressure on management (and on the unions) when competition is absent? Can it be generated internally or by some new external agency required?

It is clear that the pressures have been quite inadequate in recent years. Productivity on the postal side has actually fallen, despite heavy investment in mechanisation. Although labour-management relations have been relatively harmonious at national level, this has not prevented such absurdities as the refusal of the union to allow the collection of regular statistics on traffic flow through sorting offices—an essential management tool if productivity is to be improved. It is at the local level that changes in work practices and in attitudes are badly needed.

This is one of the reasons why the Carter Committee is sceptical about the proposal, approved in principle by the Government, to introduce a Bullock-style structure on the main Post Office Board. Echoing the views of the CBI, the report says that the proposal for union representation at Board level "is not properly supported by the development of true industrial democracy at the level of the ordinary employee—that is, involvement in decisions made close to the means of installing commercial discipline and targets within.

Public sector

To help enforce the 12-month rule in the private sector, the Chancellor proposes to penalise offending firms through profit margin control. This is hardly fair, since the continuation of price and dividend control was to be conditional on the reaching of an agreement with the TUC. But it is less unfair than the proposals about arbitrarily penalising firms who are judged to have given grossly excessive pay increases, though it will increase existing pressures on industry to resist—the CBI has pointed to the effect of low profitability and capacity utilisation, and is now taking its own measures. It is already clear, however (though it would be a mistake to listen to every group which makes militant noises over the next few months) that the Government is going to have some trouble in the public sector. Its problem is to reconcile the need for some flexibility here, without the guidance of profitability, with the need to give the private sector the feeling that the Government too, as an employer, is ready to take a firm line.

MEN AND MATTERS

Lullaby in D-marks After tramping the stairs of British recording companies for months trying, unsuccessfully, to persuade them to invest money in the search for new pop talent two young pop impresarios, David Courtney and Tony Meehan, have finally managed to persuade a West German record company that England has masses of musical talent just waiting to be discovered. The German company, Ariola Records, is a subsidiary of the Bertelsmann publishing group. With all due respect to home grown German pop, its basic oompah-oompah beat allied to strident or maudlin ballad-type songs has never really caught on as a big export item. British pop stars like Elton John, Rod Stewart, Led Zeppelin and The Who, on the other hand, are hot properties wherever the transistor and the disco blare. The Beatles, furthermore, were only the most successful of many British groups who cut their musical teeth playing to enthusiastic audiences in Hamburg clubs.

Ariola reckoned that there must be plenty more talent where all these groups originally came from, even though for tax reasons most of the home grown British stars now live in less fiscally punitive places abroad. Ariola and Courtney/Meehan finally met up through the good offices of Geoffrey Heath, former head of ATV music who left 12 years ago to set up the Heath-Levy music publishing business. After eight months of negotiations the two sides came to an agreement under which Ariola will provide £1.5m. annually for a minimum of two and maximum of four years to be spent on finding, auditioning and recording new talent.

Courtney himself, although only 27 years old, is a veteran in the business, having first "gone on the road" at the tender age of 13. After a spate as drummer in the Adam Faith group the Urchins he became a theatrical agent, song writer and talent scout. It is a career which has taken him into the 82 per cent. tax bracket and given him strong views on the way in which taxation, unimaginative British management and a neglectful Government have systematically failed to exploit what he sees as the huge potential of British pop.

"With this German money behind us we are now going into the streets and looking for the talent we know to be there. What I would like to do now is to make contact with the British Government and persuade it to take this industry, with its massive foreign earning potential, seriously. As it is, neglect and high taxation have sent many top groups abroad, many of them to Southern California where no less than 500,000 British expatriates now live," Courtney explained. Come back British talent—all is forgiven. If only it were true.

Radio Moneybox Ian McIntyre, the Radio Moneybox Controller of Radio 4, appears to be growing more flexible in his approach to the network's more specialised programmes. He has just agreed a programme "profile" which will give Radio 4 a new, popular-appeal Sunday morning business programme. The new programme which comes on air on the first Sunday in October, is aimed at a general non-specialist interest in business, money matters and personal savings. It will be called "Moneybox"—a title McIntyre was persuaded to accept in place of his own choice "The Pound in Your



"It will cost £1.40 but we would pay you that NOT to send it!"

Pocket—and will be hosted by Financial World Tonight and World in Focus veteran, Peter Hobday. Unlike BBC Television's "Money Programme," "Moneybox" will be conducted largely along magazine lines, with interviews and discussions on such subjects as how to manage your savings. Unlike its more serious, up-market parent, the Financial World Tonight, which is now broadcast for 15 minutes at quarter past 11 every week-day evening, Moneybox is scheduled for a more generally acceptable 11 o'clock in the morning, every Sunday, and will run for half an hour. McIntyre's acceptance of the new programme represents a complete about face. At the beginning of the year he was bent on scrapping the Financial World Tonight in favour of 10 minutes of financial news along the lines of the daily 6 p.m. Financial Report. It is understood that he changed his mind about the desirability of the

COMPARATIVE RATES FOR FIRST CLASS POST LAST NOV.

Table with 3 columns: Country, Letter rate (p) at November 1976, Letter rate (p) at November 1977. Countries listed include U.K., Canada, U.S.A., Eire, Denmark, Luxembourg, Japan, Belgium, Italy, France, Germany, Netherlands, and Australia.

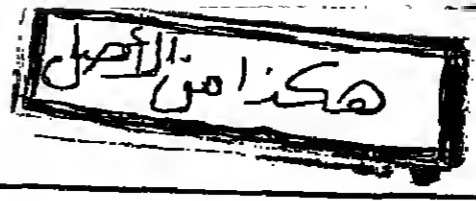
* In these countries there have been postal deficits or subsidies or both whose elimination would substantially increase the rates. Source: Post Office Review Committee Report.

The Legacy Check List

May we suggest some additions to the considerations you generally apply to making bequests. In the changing conditions of today, we believe that it is wise to add the following questions: Does the charity serve those in the greatest need, now and in the future? Old people suffer the greatest deprivation almost everywhere—their health, housing, warmth and loneliness are usually at the end of the queue. Time is not on their side—Help the Aged is. Does the organisation show practical initiative in changing circumstances? In the last ten years alone Help the Aged has pioneered nationwide flats for needy old people, day centres for the lonely, aid for day hospitals, extra geriatric research, international help and much more. Will the value of the bequest be greatly reduced by inflation? This aspect is given great attention by Help the Aged trustees. They endeavour to use funds for work that will give enduring benefit, and therefore will grow in value. Can the donor retain a personal association with the work helped? Help the Aged welcome such a link, for the charity sees itself as a channel for the compassion and goodwill of its donors. A whole scheme for the elderly in the U.K. can be named in conjunction with a £200,000 bequest: £150 inscribes a name on the dedication plaque of a day centre; £100 names a hospital bed in Asia or Africa. Among the well-known people who endorse the value of a legacy to Help the Aged are Lord Shawcross, Lady Spencer-Churchill, and General Sir Brian Horrocks. Full details and an Annual Report and Accounts gladly sent on request to: The Hon. Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room FT2L, 32 Dover Street, W1A 2AP.

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A last chance for tax honesty

IS a good time to reflect on the 1977 Budget and indeed the principles which lie behind the Budget-making. For the economic impact of the Budget remains untested, and the Chancellor's conditional tax reliefs have been called, the composition of the Budget has been set to an unprecedented level, and the Finance Bill, which gives effect to the changes through its closing stages in the next few weeks, is one reflection which struck me forcibly as a failure of all the many Budgets I have had to study. That is, the reversion to what are "non-proposals" which are adjustments for the inflation and which are intended to change the structure at all. This is a fact which is not officially known by the public.

Having gone through this catalogue, we are left with only four-and-a-half genuine changes, genuine in the sense that they might have occurred without inflation or with an indexed tax system. There are two anti-tax avoidance proposals, a technical reform of capital gains tax and a relief for U.K. residents working abroad. The 1p reduction in the basic rate is a hybrid. On a comparison with a year ago it represents a lightening of the burden; but over a perspective of two or three years it has been financed by the erosion of the real value of the tax starting points.

Mr. Lever's suggestion of a simple regulator adjustment to all taxes could be made to work. The main difficulties arise from the existence of tax-free allowances at the bottom and higher

tax rates at the top, as well as from the specific indirect taxes. This means that without positive action in the Budget there is an automatic shift in the tax burden from taxes on spending to taxes on income. There is also a shift in the income tax burden on to those both at the bottom and at the top of the income range.

The Finance Bill amendments, in the names of Rooker, Wise and Lawson would index (or "inflation-proof") the tax threshold to the rate of inflation in the previous calendar year, unless the Chancellor carried in the House a specific motion to make smaller or larger adjustments. The Finance Bill, as amended, would go a long way to stop the unintended distortions arising from inflation. They would come into effect in 1978-79. If from the time of the next Budget, the specific duties were also indexed, a large part of the job will have been done.

Ultimately it would be necessary to index thresholds for the higher rates as well as the exemption limits for mortgage tax relief, Corporation Tax, CTT and VAT relief for small firms and the many other thresholds and limits, the discretionary adjustments of which now wastes so much time in the Treasury and Revenue Departments. Admittedly the indexation of capital gains and investment income is more complicated. But that is no excuse either for refraining from rule of thumb adjustments (such as calculating capital gains after giving effect to inflation) or for not making a start on the main items on the list already begun by the House in Committee.

The Treasury gains about some £1bn. of revenue from the

EFFECT ON WAGE CLAIMS OF NON-INDEXED TAX SYSTEM

(Wage earner with two young children)

| 280 a week wage (average wage) | £203 (average rate: 25.4 per cent.) | Net income £59.7 |
|---|--|---|
| 10 per cent. gross increase (48) | £22 (marginal rate of tax, 39.75 per cent.) | £4.8 (equivalent to 8.1 per cent. net increase) |
| 10 per cent. net increase equivalent to a 12.4 per cent. gross increase (£29.9) | £3.9 (marginal rate of tax, 39.75 per cent.) | £4.0 (equivalent to 10 per cent. net increase) |

Without tax indexation, a typical wage earner has to obtain a gross increase in pay nearly a quarter higher than the increase in take-home pay at which he is aiming. For example, to obtain a net gain of 10 per cent., he must receive a gross increase of 12.4 per cent.

failures to make the personal allowance inflation-proof, and losses about £550m. from the failure to do so with the specific duties. But only those who are pathologically executive-minded could call the first sum the cost of inflation or the second sum the gain from it. There is no cost and no gain—except in fiscal honesty—as the Chancellor is still free to make any tax proposals he considers necessary.

Unfortunately, instead of accepting the amendments, which lead over backwards to give the Treasury freedom of manoeuvre, the Government proposes merely to lay before the House at Budget time tables showing the effects of inflation on allowances and the specific duties, leaving people to see for themselves whether the Budget changes do more or less than that wage claims should be made much higher to make up for tax. In its simple form the argument is a fallacy because existing pay is also taxed. But even when the arithmetic is done correctly, the gross wage increase under a non-indexed system has to be one-quarter higher than the required net increase in take-home pay.

This is because the marginal rate of tax is higher than the average rate on total pay before the increase. The average male wage earner is officially reckoned to earn about £80 per week. After paying tax and receiving child benefit for two young children, he will have a net income of nearly £60 (that is, his average tax rate will be just

over 25 per cent.). A 10 per cent. increase in gross pay is worth after tax £4.8, leaving a net increase of just over 8 per cent. To obtain a net increase of 10 per cent., he would need a gross increase of nearly £10 or 12.4 per cent.

Under an indexed system, however, the tax threshold would rise by 10 per cent. if that were the rate of inflation, or more if inflation were higher still. There would thus be very little difference between his gross and net pay increases, and 10 per cent. would be worth 10 per cent. comparing one year with another. The trade union negotiator would still have to guess about the effects of inflation on the real value of a 10 per cent. increase, but at least he would not have to bother about offsetting an increasing tax burden as well.

There is no magic in all this. Indexation cannot conjure up resources out of nowhere. But there is all the difference in the world between a vague hope that the Chancellor will be able to adjust thresholds for inflation or provide equivalent compensation in other forms, and a system under which this happens automatically, with the onus of proof on the Chancellor if he cannot afford to do so or wishes to compensate for inflation by reducing other taxes or increasing the so-called "social wage."

Unfortunately there are many hoary old chestnuts which doubtless will make their appearance in Treasury speeches again. One is that indexation is a surrender to inflation, while it is better to fight it. In fact indexation makes it no more difficult to combat inflation than it was before. Professor Milton Friedman would argue that actually makes it easier, but one need not follow him thus far. There is nothing in international data to suggest any relation between the extent of indexation and the rate of inflation.

Then there is the other argument that one kind of indexation leads to another. This is just untrue, much though I wish it were not. The main three areas of indexation are taxes and 10 per cent. would be worth 10 per cent. comparing one year with another. The trade union negotiator would still have to guess about the effects of inflation on the real value of a 10 per cent. increase, but at least he would not have to bother about offsetting an increasing tax burden as well.

The recent report by OECI experts entitled *Towards Full Employment and Price Stability* came out very strongly in favour of inflation—proofing personal taxes—or as it put it "arrangements to eliminate the tax burden required positive actions by government and parliament." For good measure the OECD refuted decisively the out-moded arguments that non-indexed fiscal systems were more stable, and added that in countries where wage earners think in net of tax terms indexation, "could help to moderate wage demands and thus reduce cost inflation."

The Chancellor is ready enough to quote this OECD report as Holy Writ even when it is wrong. Why should not the House of Commons act on it, when it is right?

Letters to the Editor

ices and the EEC

the Director, European Movement, Mr. Graham (July 19) indicates which major food price has been down since we joined the EEC. He knows that in a world-wide inflation, it is more significant to see prices under the control of the EEC have risen by 10 per cent. in the eight months since August 1976, the food index as a whole went up 10 per cent. Products by the Common Agricultural Policy, which include dairy products, went 9 per cent. on average, 9 per cent. only a small 9 was due to increases in the operation of the most of them were due to manufacturing and distribution and the withdrawal of subsidies. To the same products not covered by P, which includes fruit, tea and coffee, went 10 per cent. Since then the EEC to increase agricultural prices by the CAP by 10 per cent. or about one-third, average EEC rate of inflation of 10 per cent. What better illustration of inflationary effect of the EEC than this? Our exports to the rest of the world has not been as good as I seem to be implying. I did want to show that the Community are better than to the rest of the world. Mr. Courtney (July 19),

Politics in Africa

From Mr. R. Johnson. Sir, May I take up a few points raised in Bridget Bloom's review of my book, *How long will South Africa survive?* (July 15)? Ms. Bloom accuses me of various aims in general but very little specifically. I am not sure how fair a bearing I am getting when I see the book criticised for under-estimating or failing to analyse the Carter Administration's policies towards southern Africa. Actually, I did suggest that the Administration is more likely to confront the area's problems across the "border" on principle, rather than in the spirit of horse-trading typical of Dr. Kissinger. But, heavens, every other reviewer has congratulated the publishers on getting out the book so quickly that it actually contains material from as late as April 1977. The one criticism I never expected was that the book was insufficiently contemporary!

Events in the Labour Party

From Dr. Stephen Haseler. Sir, David Watt's article ("Mrs. Thatcher risks showing her colours" of July 15) is a penetrating exposition and example of the conventional political wisdom which has governed Britain since the war. Yet, because of the obvious failure of Britain during this period—a failure not unrelated to serious flaws within the received opinion of our Government—David Watt's arguments should be scrutinised with care. I have no expertise available to me to comment upon the economic side of his treatise but I certainly do take issue with his denunciation of the notion that "the Labour Party is on the high road to Communism." Mr. Watt argues, "the familiar thesis that it is 'simplified' to suggest that Labour of late has moved significantly towards totalitarianism. He also states that 'it is really absurd' to believe that the Labour Party under Mr. Callaghan has been taken over by the extreme Left. The truth of the matter is that Jim Callaghan does not control the Labour Party as he does the Government. The Labour Party continues to give his wishes and to humiliate him in public. David Watt should consider the significance of the following events before he dismisses the arguments of Thatcher, Prentice, and others as absurd. What does it say about a party that against the express wishes of its leader appoints as its National Youth Officer an avowed Trotskyist-Leninist? What is one to make of a National Executive Committee which invites to Britain as its own special guest Boris Ponomarev—the man in the Kremlin responsible for the co-ordination of western European Communist parties? What is one to make of the decision of the General Council of the TUC (the men who through their block votes control the Labour Party Conference), to invite to Britain Alexander Sbelepin—the former boss of the KGB? How can it be that a leading Cabinet minister in a so-called 'moderate' Government can openly declare, without being sacked, that Marxism is a party stream of thought which Labour voters believe to be social-democratic? Why do leading figures in the Labour Party and Government regularly associate themselves with totalitarian organisations and newspapers (only the other week Prime Minister was reported to have elaborated public subsidies by way of Government advertising in *The Morning Star*) with out so much as a rebuke from Holland Park Gardens, W.14.

Pensions and benefits

From Mr. D. Parry. Sir, The article by Mr. Eric Short of July 6 certainly merits comment. A great deal of what he wrote is so obvious that one would expect most trustees to be well aware of the various points which he raised. It could be, however, that Mr. Short considers that trustees need much more education if they are to honour their responsibilities fully. The article states that "the pension fund manager has to take a very long-term view and short-term investments are not much more than passing interest to him." A good definition of "long-term investments" is that they are "short-term" failures. I consider that the average pension fund manager knows little about investment administration, neither is he capable of taking a long-term view. He leaves this to his actuary who again is not a professional as far as investment is concerned. If trustees consider that pension fund investment should simply be long-term, I cannot understand why individual investment managers are necessary. Would it not be better to put all contributions into an investment trust or unit trust? At least as far as equity investment is concerned these trusts seem to keep up with the FT Actuarial All-Share Index. Why engage investment managers who besides charging heavily make a great deal out of their share of brokerage? Why not let trustees administer the pension fund investments themselves and simply invest in the FT All-Share Index? Property investment is really for the much larger funds and a professional is needed to deal with this. For the smaller funds I consider that property unit trusts are fraught with danger, especially as far as valuation is

Longman and the pay guidelines

From the Chief Executive, Longman Group. Sir, Your back page article (July 20) reporting a pay agreement between Longman and the Association of Scientific, Technical and Managerial staffs "which could mean rises of up to 30 per cent." for 700 staff gives a misleading impression, particularly to those who only read the headline. The fact is that no agreement has been concluded between Longman and ASTMS giving pay increases in excess either of Phase 2 or of the recent pay guidelines announced by the Chancellor. Nor has agreement yet been reached on the date of implementation and thus there is no question of any agreement by Longman to depart from the 12-month rule. T. J. Rix, Longman Group, Longman House, Burnt Mill, Harlow, Essex.

To-day's Events

- Mr. Roy Jenkins, president, European Communities Commission, begins two-day official visit to London and has evening meeting with Prime Minister.
- Mr. Shirley Williams, Education Secretary, makes House of Commons statement on progress made since Prime Minister's October speech on need for more public debate on education. Har statement coincides with publication of discussion Green Paper setting out Government thinking after last winter's regional conferences.
- Mr. Anthony Wedgwood Benn, Energy Secretary, chairs meeting Bank Order Confirmation Bill, re-opening of unions claiming recognition in mining stages. Criminal Law North Sea offshore operations, Bill, consideration of Commons amendments. Post Office Bill and Northern Ireland Emergency Provisions (Amendment) Bill, remaining stages. Debate on Bermuda civil aviation agreement.
- National Coal Board annual report published.
- Graincourt court of inquiry continues public hearings. Government Press Centre, Little St. James's Street, S.W.1.
- Windsale public inquiry continues. Whitehaven.
- British Medical Association conference continues. Glasgow.
- PARLIAMENTARY BUSINESS
- House of Commons: Finance Bill, continuation of report stage.
- House of Lords: British Linen Bank Order Confirmation Bill, remaining stages. Criminal Law North Sea offshore operations, Bill, consideration of Commons amendments.
- OFFICIAL STATISTICS
- Consumers' expenditure (2nd quarter, 1st preliminary estimate). Financial accounts of industrial and commercial companies and personal sectors; and net acquisition of financial assets, analysis by sector (1st quarter).
- COMPANY RESULTS
- Redland (full year). Dowty Group (full year). Uaigate (full year). Associated Fisheries (interim figures only).
- COMPANY MEETINGS
- See page 23.

The Last Check

Mr. D. Bryson. Sir, Campbell North (July 16) was fortunate to see a 5 per cent. collection of Midland Bank for the money transfer Rome. We recently received a cheque from America in the amount of £3.71 which was ex-acted giving a total of £2.91—a com- of about 22 per cent. Seed Producers, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

Is of coal in Belvoir

Mr. M. Wotchorn. Sir, The objective of the proposed mining of the Belvoir (July 19) appears to be the continuation of jobs for former boss of the RCB? How can it be that a leading Cabinet minister in a so-called 'moderate' Government can openly declare, without being sacked, that Marxism is a party stream of thought which Labour voters believe to be social-democratic? Why do leading figures in the Labour Party and Government regularly associate themselves with totalitarian organisations and newspapers (only the other week Prime Minister was reported to have elaborated public subsidies by way of Government advertising in *The Morning Star*) with out so much as a rebuke from Holland Park Gardens, W.14.



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COMPANY NEWS

Less satisfactory start for Courtaulds

Trading conditions at Courtaulds in the first quarter of its financial year to end June, 1977 have been generally less satisfactory than in the second half of last year and short-time working has been introduced or extended in a number of the company's operations.

Sir Arthur Knight, chairman, told the AGM yesterday. A disappointed stock market responded to the news with a 10p drop in the shares to 116p.

Exports in the three months were 20 per cent higher than in the corresponding period of last year but the volume of exports in many areas was lower.

Sir Arthur nevertheless expected to report better trading results for the first half, perhaps up by as much as 30 per cent, but even the modest improvement in the market situation from which we benefited in the second half of last year has not been maintained.

Last year Courtaulds increased pre-tax profits from £46.3m to £50.9m, mostly in the second half, but Sir Arthur said that there is nothing in these results to justify the euphoria which their announcement appeared to induce in some quarters.

A proper perspective will show, said Sir Arthur, that any complacency or excessive expectations would be misplaced.

Drawing attention to the need to make provision for extra depreciation of £25m, and £45m for the replacement of stocks to take account of inflation, Sir Arthur commented: "We have a long way to go before we can feel that we are earning a adequate profit on the assets employed in the business."

The chairman explained that the cash shortfall of £95m last year, which resulted from financing fixed and working capital investment of £188.5m, was entirely due to inflation.

After heavy investment in plant and new equipment in recent years, Sir Arthur said that Courtaulds now had to open up markets for the enlarged capacities. To do this, the group did not feel able to commit further large sums to new fixed investment and the level of capital spending was being reduced.

In a general review of the group Sir Arthur stressed the performance of exports. Last year exports of textile products accounted for 80 per cent of the total and increased in value by 60 per cent. Sales to the EEC increased by 80 per cent, half the total increase.

An immediate problem facing the group was excess fibre capacity in Europe which Sir Arthur said could only be dealt with through the active involvement and co-operation of the governments concerned. In addition, the chairman drew attention to the high level of textile and clothing imports in all forms—in the first quarter of 1977 imports of fibres, fabrics and made-up goods accounted for 69 per cent of goods entering manufacturing and distribution for the domestic market.

Sir Arthur said that the Multi Fibre Agreement had been

HIGHLIGHTS

British Sugar Corporation is raising £18m. by way of a rights issue on the basis of one-for-two at 375p, but the Government is not taking up its entitlement. The final dividend at Fairley has been passed and the profits are substantially below forecast. Union Discount on the other hand claims to have had the most profitable six months in the history of the company due to capital profits in the gilt edged market. Lex also comments on the remarks made at the Courtaulds AGM: given that the improvement seen in the latter months of last year had not been continued this year. S. W. Wood has made substantial losses dealing on the futures market and despite profits from the sale of investments an overall loss has been sustained. LRC has benefited from the integration of Sanitas, and further progress is on the cards this year.

Inadequate in dealing with the high level of import penetration—23 per cent in the U.K.—from less-developed countries but he was encouraged by the stance adopted by the U.K. Government in the re-negotiations so far. By way of comparison Sir Arthur cited penetration levels of only 8 per cent in Japan and the U.S.

Arguing that there was no consistency between Courtaulds' emphasis on export expansion and demands for import restraint, Sir Arthur said: "The recognition that the U.K. textile case needs special treatment must become an article of national industrial policy."

See Lex

H. Ingram second-half setback

DESIGNERS, manufacturers and marketers of knitted garments, Harold Ingram announces pre-tax profits down from £448,389 to £415,669, for the year to April 30, 1977.

At the interim stage, when profits were up from £243,073 to £305,392, trading conditions were such that Mr. Harold Ingram, chairman, felt able to make an optimistic forecast.

He now says that things did not turn out as expected and he considers the results for the year disappointing.

Half way through the third quarter of the year there was a sudden, sharp drop in sales in the U.K. which the company supplies, and this had an inevitable effect on their re-ordering. This trend accelerated in the final quarter and as a result the company did not reach its budgeted sales forecast.

The explanation for these circumstances appears to be in the squeeze on disposable incomes plus the weather conditions which on its own severely affected the sale of summer merchandise.

External factors other than these present a brighter picture and give grounds for more optimism.

andillary markets was at a low ebb.

Although direct exports by the U.K. companies to customers other than James Neill's own overseas companies only show an increase of 4.79 per cent over the previous half-year, they were nevertheless 21 per cent higher than in the comparable half.

Taking home and export sales of the U.K. companies together, the U.K. companies have increased their sales to £1,044m. In the first half of 1977, an increase of 15.29 per cent over the previous six months and 87.60 per cent over the first half of 1976.

The overseas companies, as forecast, failed to expand their sales to the same degree as the U.K. companies because of the sluggish market conditions, particularly in Brazil and South Africa. Nevertheless, the current half year does show an increase of 8 per cent as compared with the corresponding half of 1976.

Mr. Neill said that the company will shortly be opening an office in West Germany where the directors have good expectations for future business.

Mr. Ingram cautions shareholders, however, against expecting exports in the short-term to make-up the shortfall in U.K. sales and profits during the current trading year. The U.K. market is the basis of the company's business and a return to healthy trading conditions at home is essential to the resumption of profits growth.

Yearly earnings per 10p share are 5.3p (8.1p). An adjustment of £48,589 has been added to revenue reserves and stock valuations for the change in basis of valuation of stocks at May 1, 1976 to include overheads related to production in accordance with statement of SAP 9.

The final dividend is 1.52p net, making a total of 2.51p (2.59p). As in previous years, Mr. and Mrs. Harold Ingram are wishing their dividend entitlement of £33,138 on their holdings of Ordinary shares.

Total sales rose to £3,044,158.5m, of which exports accounted for £1,170,150.82m. After tax of £249,520 (£255,147) the net figure comes out at £166,149 against £190,252. Depreciation took £156,443 (£142,197).

Rotaflex peak £0.7m. at midway

ON EXTERNAL sales, from £35m to £8.05m pre-tax profit for Rotaflex (Great Britain) expanded to a record £89,100 for the six months to June 30, 1977, compared with £14,800.

Mr. Frank Gray, the chairman, says that results in the second half are difficult to forecast in view of the uncertain political and economic situation in the U.K. throughout the European Community. However, he expects a continued improvement in the group's position unless a further economic deterioration occurs.

The net interim dividend is 0.4725p (0.4225p), and earnings are stated as 3.65p (2.76p) per 10p share. Last year's total dividend was 0.8669p paid from records of £1,170,150.82m.

Mr. Frye says that the advantages of pursuing a policy of world-wide trading are especially apparent in periods of slow economic activity when setbacks in one country are offset by improvements in performance elsewhere. This has been reflected in a slowing up in the second quarter in certain subsidiaries, particularly in the U.S., but overall external sales were up 35 per cent up on the first half of 1976, mainly as a result of higher exports. The production of overseas turnover increased to approximately 70 per cent.

James Neill sales rise at halfway

The substantially improved sales figures of the U.K. companies for the first four months of the current year to which Mr. J. Hugh Neill, the chairman of James Neill Holdings, referred at the AGM on June 2, are quantified in the sales figures for the first-half to June 30, 1977.

Home sales at £10,535m, show an increase of 21.69 per cent over those of the previous half and 37.68 per cent over the comparable period to June 30, 1976.

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£1.4m. metal loss hits S. W. Wood

OPERATING PROFIT of non-ferrous metal merchants, processors and smelters, S. W. Wood Group advanced from £459,901 to £1.1m. for the year to March 31, 1977, but after a £1.4m. loss arising from forward dealing on the metal exchange, there is a turnaround from a £459,901 surplus to a £328,749 deficit at the pre-tax level.

At halfway, when reporting profits down from £225,000 to £138,000, the directors said that since the turn of the year there had been an appreciable increase in consumer interest and provided this was sustained they looked forward to a recovery in the group's fortunes.

The loss per 20p share is stated as 2.67 (earnings 4.7p). A final dividend of 2.2951p net makes a total for the year of 3.8666p (3.4666p). Mr. S. W. Wood has waived his dividend entitlement in respect of his personal holding of 3,288,328 shares.

There is a surplus on disposal of quoted investments, less tax, of £420,694 (nil). Turnover increased from £14,07m. to £21,98m.

Mr. A. N. Bolson, chairman, says the results confirm the company's ability to produce satisfactory trading results and the realisation of the investment in Concentric improved the liquidity at a time when interest rates were at near record levels.

1976-77 1977-78

Operating profit 1,101,869 438,261

Operating loss 1,400,000

Pre-tax loss 328,749

Tax credit 180,155

Surplus disposal 420,694

Profit Charge 1 From metal exchange dealings

However, the company encountered a scarcity of material which was likely to result in it being unable to meet contractual obligations to customers. The directors therefore took positions on the Metal Exchange as a protection against such a contingency with disastrous results. The chairman points out that, of the

Outlook at Edgar Allen

THE DIRECTORS of Edgar Allen, Bailorn, are satisfied that the remedial action taken during the year has stopped the drain on group profits, and management accounts show encouraging trends for those subsidiaries which previously had been making losses.

Mr. J. D. Oakley, the chairman, says that the contribution from overseas subsidiaries was encouraging, despite difficult economic conditions both in Australia and Canada. With the completion of the new warehouse outside Sydney, the Australian company will be further strengthened by the following reorganisation in New Zealand: lost ground has been recovered and a promising start has been made towards greater penetration of this market.

In the U.S., the group's investment in Heathcote American Inc. in machine knives will be reorganised during the next 12 months, Mr. Oakley says, and to special steels a marketing company is to be formed in the U.S. to increase exports when import regulations permit.

Of the overseas subsidiaries, Australia contributed £781,000, Canada £2,000 and others £31,000, to total £814,000.

A meeting, Great Eastern Hotel, E.C., August 11 at noon.

Twinlock loss cut by upturn in second half

Recovery from a pre-tax loss of £17,000 to a profit of £177,000 in the second half of the year for the year to February 28, 1977, to £157,000 against £68,000. Sales were up £2,82m. to £23,34m.

The first three months of the current year show that profitable trading is continuing, particularly in the companies' main activities, with management accounts showing a small profit in the first quarter.

Mr. L. Stephenson, the chairman, tells members.

The loss per 10p share was 0.18p (2.73p) before extraordinary debits of £1,000 (nil) or £2.00 (1.15p) after these items. There is no dividend. For 1975-76 there was only a net interim of 0.26p.

At year end short term finance was down £1,68m. to £2,32m.

As known 7.12m. shares were issued to the National Enterprise Board during the year to strengthen the company's capital base and liquidity. At July 1 the NEB held 33.3 per cent.

The auditors, Touche Ross and Co., note that they were unable in their audit to obtain information relating to the group's associated company NV - h van Dorp and Co. Accordingly they are unable to express an opinion on the share of this company's profit shown in the accounts at £143,000, and on the group's £332,000 investment in it. It is understood that the information relating to a lack of information as a result of a change of auditors of the associate.

The chairman says that the directors now have the full co-operation of its associate in ensuring the availability of the required information for the future.

Property revaluations during the year resulted in lower values which reduced reserves by £322,300.

Stephenson says the traditional and substantial Twinlock and Shannon business led to promising recovery although in other areas it has been slower than anticipated. The export and overseas companies continued to improve their profit contribution; overseas sales having increased by 31 per cent. U.K. exports went up from £2,59m. to £3,88m.

The manufacture and sales include the manufacture and marketing of products for recording, retrieval and displaying business information. Its shares are traded over-the-counter by M. J. H. Nicholls and Co.

Improvement at midterm by Stockfis

Making headway in the first half-year to February 28, 1977, sheet metal workers and steel fabricators, Robert R. Stockfis (Manchester) report turnover ahead from £1,59m. to £1,99m. and a rise in taxable profits from £161,549 to £223,305.

The directors state that, providing current trading conditions continue, they expect a satisfactory level of profitability to be maintained in the second half of the second half of last year contributed £10,731 to full-year profit of £372,306.

The interim dividend is stepped up from 2.5p to 2.75p net, 2.5p share—2.5p year's final payment was 4.85p.

DIVIDENDS ANNOUNCED

| Company | Current payment | Date | Corre- spending div. | Total for year | Total last year |
|-----------------------------|-----------------|----------|----------------------|----------------|-----------------|
| Debenure Cpn. Int. | 1 | Aug. 31 | 0.85 | — | 2.75 |
| Falvey | nil | — | 2.31 | 1.2 | 3.41 |
| Hampson Industries | 0.48 | — | 0.38 | 0.75 | 0.63 |
| Heron Motor Group | 1.63 | — | 1.48 | 3.18 | 2.59 |
| Harold Ingram | 1.52 | — | 1.39 | 2.81 | 2.56 |
| LRC International | 1.18 | Oct. 1 | 2.04 | 3.43 | 3.07 |
| Rotaflex (Gt. Britain) Int. | 0.47 | Oct. 12 | 0.43 | — | 0.87 |
| Routledge & Keganey | 2.67 | Oct. 4 | 2.3 | 3.67 | 3.3 |
| Robert R. Stockfis | 2.75 | Sept. 9 | 2.5 | — | 6.85 |
| Trustees Cpn. | 2.7 | Sept. 16 | 2.2 | 4.0 | 3.4 |
| Union Discount | 5.5 | Sept. 1 | 7 | — | 13.88 |
| Vita-Tex | 2.0 | Oct. 3 | 1.5 | 3.2 | 2.7 |
| S. W. Wood Group | 2.3 | Sept. 13 | 1.95 | 3.81 | 3.46 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

ISSUE NEWS

British Sugar to raise £18m.

THE British Sugar Corporation has proposed to raise around £18,112,000, net, by way of a one-for-two rights issue of 5m. ordinary £1 shares at 375p per share. The shares closed yesterday at 470p to show a fall of 10p on the day.

Perhaps the most notable feature of the issue is the news that the Government, which holds 36 2/3 per cent of British Sugar's equity, does not propose to take up its entitlement of new shares under the issue but instead intends to sell its subscription rights to recover the rights announcement is accompanied by an impressive profits forecast. Based on turnover in excess of £250m, profits before tax for the current year to September, 25, 1977 are expected to reach around £22m, against £14.3m. previously. The Board has declared an interim dividend of 7.86p per share gross (7.146p) payable on September 1, 1977 to holders registered on August 5, 1977, and expects to recommend a final dividend to be paid on September 1, 1977 to holders registered on August 5, 1977, and which holders of new shares will be entitled to 20.9279p gross. This makes a total of 25.7879p gross for the year and represents an annual increase at the gross level of about 101 per cent.

The group is currently in the course of a five-year re-equipment and expansion programme and estimates that by 1980 its total annual capacity will have been raised one-third to 1.23m. tonnes of sugar. About £45m. is expected to be spent by the end of the current year and the total cost of the programme is estimated at around £150m. On top of this the group's growing market share, recent EEC stock regulations, and general inflation are pushing up working capital requirements. The net proceeds of the issue will be used to meet both the additional working capital requirements and to help finance the continuation of the capital investment programme.

The offer which is open to holders registered on July 13, 1977 has been underwritten by J. Henry Schroder Wagg and Co., and brokers are Rowe and Pitman, Huxst-Brown.

Gillett Brothers Discount Company announces that acceptances have been received in respect of some 85.66 per cent of the £8,922,000 ordinary shares offered by way of rights.

In accordance with arrangements the 29,506 shares not taken

Cluff Oil plans further rights

Cluff Oil, the unlisted U.K. exploration company with an interest in the Buchan Field in the North Sea, is planning to make another rights issue to shareholders.

In addition, approval has been granted under the provisions of rule 163 (3) of the Stock Exchange for transactions to take place in Cluff Oil shares without this need to seek prior permission from the Council.

Last year Cluff raised around £500,000 through a 1-for-8 rights issue at 294 a share but the planned issue is likely to be in excess of £1.5m. Currently the group is capitalised at £3.3m. with the shares at just over 224.

About 40 per cent of the share are held by Cluff and Company (Holdings) and its entitlement to the new shares to be issued will be placed. Of the remaining shares some 90 per cent are held by institutional investors.

Cluff Oil has a 0.5 per cent royalty interest in the Buchan licence area and in addition has a 5.7 per cent holding in CC Associates which in turn has an effective 10 per cent interest in Buchan.

BP, under a recent farming agreement, are operators of the field and are drilling on block 21/6. Production would be unlikely to begin before last quarter of 1978.

Small rise at Trustees Corporation

NET REVENUE for the year May 31, 1977 at Trustees Corporation came to £1,298,855 compared with £1,136,313, after all charges including tax of £743,3 (1975,888). Gross income increased by £10,25m. to £2,97m.

Earnings per 25p share stated as 4.28p (3.75p). The dividend for the year is raised from 3.5p to 4p net, with a final of 2.7

GILLETT RESULT

Gillett Brothers Discount Company announces that acceptances have been received in respect of some 85.66 per cent of the £8,922,000 ordinary shares offered by way of rights.

In accordance with arrangements the 29,506 shares not taken

CHAMBERLAIN PHIPPS

Manufacturers and distributors of components and materials for use in the footwear, automotive, clothing, packaging and wallpaper industries

Turnover up 30% to £45,889,000

Exports up 81% to £7,240,000

Profit before tax £2,102,000

Profit after tax £1,454,000

Earnings per share up from 0.91p to 5.96p

Dividend per share increased to 1.915p

Trading since 1 April 1977 has been satisfactory, and at present I take an optimistic view of the current year!

W. R. F. CHAMBERLAIN, Chairman

The annual report for the year to 31 March 1977 may be obtained from the Secretary CHAMBERLAIN PHIPPS LIMITED Higham Farm, Northamptonshire The annual general meeting will be held on 12 August

HERON

Annual Results to 31st March 1977

| | | |
|--------------------|---------|--------|
| | 1977 | 1976 |
| Net Profit | £2.02m | £1.02m |
| Turnover | £106.3m | £82.9m |
| Earnings per share | 8.5p | 3.4p |

Copies of the report and accounts to 31st March 1977 will be available on 10th August from Heron House, 19 Marylebone Road, London NW1 5JL.

Heron Motor Group Ltd



Still sending garments packed in cartons?

They travel better on hangers while reducing the total cost of distribution



Here's where you save:

1. **Wages.** Switching to Tibbett & Britten means you can reduce your despatch staff by up to two in every three.
2. **Packaging Materials.** Instead of having to stock ever-clearer cartons and tissue, use plastic hangers and polythene covers. A significant saving in cost.
3. **Space.** The far shorter handling time means a smaller department can deal with more goods.

And here's where you gain:

1. **Goodwill.** Your customers will no longer have to unpack, re-finish and hang your garments. That saves labor space and time. Garments ready for the selling rail as soon as they arrive will help the cash to flow.
2. **Speed.** We collect and deliver virtually anywhere in the U.K. in three days, often in two, depending on distance.
3. **Security.** We handle around 45 million garments a year, with losses never yet exceeding 1 in 100,000. And we're working hard to improve even that unrivalled record.
4. **Service.** We collect and deliver punctually and keep in touch so you always know what's going on. And we'll take cartons of clothes you cannot hang as well.

If slotting into our regular network does not suit you, ask about volume rates for specific journeys. Or about us on contract hire. In our livery or yours. Or about our warehousing call-off service.

If you have garments to move, call Mike Cass. He's our national sales manager. That call could be a great investment for your company.

Tibbett & Britten

Clothing Transport

691/693 High Road, Tottenham, London N7 8AZ. Tel: 01-808 5040.

Heron Motor up 98% to top £2m. Daily Mail Trust confident

The 98 per cent profit rise at Heron Motor Corporation, from £1.02m to £2.02m, for the year to March 31, was due to a re-orientation of the company's operations on spare parts, according to Mr. Ronaldson, chief executive of the parent company, the Heron Corporation. In addition, the merging of the various new acquisitions over the last few years is now much improved margins. However, Mr. Ronaldson says that he expects to see margins of 3 to 4 per cent, against last year's 3 per cent, so further growth is looked for this year.

One of the underlying strengths of the company, it is claimed, is the more stable position which is emerging in British Leyland. The company has also been well supported during the year by Rolls-Royce. This has made a worthwhile contribution to profit.

The company is paying a final dividend of 1.53p per 25p share, in addition to the interim dividend of 1.54p already paid, for a total of 3.17p, compared with 2.89p for the year ended March 31, 1976. This is the maximum permitted. Earnings per share are stated at 3.29p basic (3.39p), 7.74p diluted (7.29p).

Hampson better at £565,749

ON TURNOVER up from £7.44m to £10.58m, pre-tax profit for the year to March 31, 1977 at Hampson Industries advanced to £565,749 compared with £401,945. At half-way, the directors said that second half profits were not expected to be less than the first half. £240,420 reported for the first half.

Earnings per 5p share are stated as 2.38p (1.91p). A final

dividend of 0.475p net makes a total of 0.75p against 0.825p last year. The Treasury have given permission to this payment on recovery grounds. A scrip issue of one-for-one is proposed.

The accounting treatment for the deferred tax has been changed as the directors consider that no liability will arise in the foreseeable future. As a result, the tax charge is not related to the year's profit—the 1976 figure has been amended to give a true comparison.

| | 1976-77 | 1975-76 |
|---------------------|------------|-----------|
| Turnover | 10,582,611 | 7,442,422 |
| Pre-tax profit | 565,749 | 401,945 |
| Taxation | 215,079 | 115,105 |
| Net profit | 350,670 | 286,840 |
| Extraordinary debit | — | 22,877 |
| Preference div. | 3,288 | 3,288 |
| Ordinary | 110,219 | 81,849 |
| Waivers | 34,199 | 27,377 |
| Retained | 282,996 | 182,566 |

HK (SELANGOR)

The Treasury has confirmed that Hongkong (Selangor) Rubber will not be subject to the current regulations on dividend control as the company is trading and operating exclusively overseas.

purchase of equities at advantageous prices.

Statement Page 26

Rank Radio on target to cut loss

FOLLOWING THE announcement by the Rank Organisation of its interim results, the company states that while losses are being incurred by Rank Radio International, the Rank Radio International company, they are running at a lower level than last year.

Mr. J. B. Smith, chairman of Rank Radio International, says: "We have not returned to profitability, but improvements in U.K. sales and in operating efficiency have helped Rank Radio to produce better figures for the first half of the year. We are on target to reduce last year's loss of £3.8m."

"This is being achieved against a background of poor markets both in the U.K. and overseas," says Mr. Smith.

Since October, 1976, there has been further rationalisation of the company's operation by movement of headquarters from London to the main Plymouth factory and by the closure of four other premises, he adds.

"We have good products—fact which is confirmed by large and small dealers alike. We also have a complete new range of television and audio products, including Teletext, which should benefit us when economic conditions both at home and abroad improve."

J. BILLAM TURNOVER UP

Yesterday's AGM of J. Billam was held that turnover for the six months to date was 22 per cent up on the comparative 1976 figures. There is every indication that this trend will continue members were told.

Statement Page 23

AC CARS LIMITED

A Meeting of the Board of Directors of AC Cars Limited was held on Monday, 11th July 1977, and set out below are the results (unaudited).

| | Six months ended 31st March 1977 | Six months ended 31st March 1976 |
|---|----------------------------------|----------------------------------|
| Dividend on Ordinary Shares proposed (to Shareholders on Register at close of business on 10th August 1977) | 7.00% Net 0.35p Net per share | 7.00% Net 0.35p Net per share |
| Group Turnover | £1,318,000 | £1,078,000 |
| Group Profit after all changes including taxation | £43,200 | £38,000 |
| United Kingdom Taxation | £46,800 | £40,500 |
| Amount absorbed by Ordinary Dividends proposed | £7,000 | £7,000 |
| Earnings per Share | 2.16p | 1.90p |

It is unlikely that we shall be able to achieve profits at the level of the first six months during the second half of the Accounting period. It cannot therefore be assumed that the overall dividend for the current year can be maintained at the level paid last year. The dividend will be paid on 28th August 1977.



General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1977

All companies mentioned are incorporated in the Republic of South Africa.

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

Operating results

| | Quarter ended | | 12 months ended | |
|--|---------------|---------------|-----------------|--------------|
| | 30 June 1977 | 31 March 1977 | 30 June 1977 | 30 June 1977 |
| Gold | 1977 | 1977 | 1977 | 1977 |
| Ore milled (t) | 782,000 | 763,000 | 3,101,000 | 2,980,000 |
| Ore milled by Buffelsfontein (t) | 9,000 | 16,000 | 98,000 | 98,000 |
| Ore milled—Total (t) | 791,000 | 779,000 | 3,199,000 | 3,078,000 |
| Gold produced (kg) | 7,270-137 | 7,041-232 | 28,374-821 | 28,374-821 |
| Gold produced by Buffelsfontein (kg) | 79-672 | 158-753 | 902-048 | 902-048 |
| Gold produced—Total (kg) | 7,349-809 | 7,199-985 | 29,276-867 | 29,276-867 |
| Yield (g/t) | 9-30 | 9-23 | 9-15 | 9-15 |
| Yield by Buffelsfontein (g/t) | 8-85 | 9-92 | 9-20 | 9-20 |
| Yield—Total (g/t) | 9-29 | 9-24 | 9-15 | 9-15 |
| Working revenue per ton milled (R) | 35-87 | 33-83 | 31-87 | 31-87 |
| Working cost per ton milled (R) | 26-40 | 25-39 | 24-20 | 24-20 |
| Income per ton milled (R) | 9-47 | 8-44 | 7-67 | 7-67 |
| Uranium | | | | |
| Pulp treated (t) | 774,000 | 763,000 | 3,084,000 | 3,084,000 |
| Oxide produced (kg) | 163,700 | 164,900 | 657,600 | 657,600 |
| Yield per ton (kg/t) | 0-211 | 0-216 | 0-213 | 0-213 |
| Financial (R'000) | | | | |
| Working revenue (gold) | 28,371 | 26,357 | 101,951 | 101,951 |
| Working costs (gold) | 20,880 | 19,776 | 77,419 | 77,419 |
| | 7,491 | 6,581 | 24,532 | 24,532 |
| Tribute agreement—Vaal Reef (Net) | 245 | 374 | 619 | 619 |
| Income (gold) | 7,736 | 6,955 | 25,151 | 25,151 |
| Income on uranium production | 6,043 | 1,851 | 10,286 | 10,286 |
| Tribute agreement—Vaal Reef (Net) | 11 | — | 11 | 11 |
| Income on sale of pyrite | 138 | 99 | 382 | 382 |
| Income on sale of acid | 22 | 23 | 86 | 86 |
| Income at mine | 13,950 | 8,928 | 35,896 | 35,896 |
| Net additional revenue | 433 | 318 | 1,315 | 1,315 |
| Less interest | 1 | 1 | 6 | 6 |
| Income before taxation and State's share of Income | 14,382 | 9,243 | 37,205 | 37,205 |
| Taxation and State's share of Income | 7,524 | 4,239 | 15,893 | 15,893 |
| Income after taxation and State's share of Income | 6,858 | 5,004 | 21,312 | 21,312 |
| Capital expenditure: Gold | 1,871 | 1,107 | 6,865 | 6,865 |
| Uranium end acid | 72 | 39 | 468 | 468 |
| Trade investments | 5 | (5) | 8 | 8 |
| Dividends declared | 9,900 | — | 14,300 | 14,300 |
| cents per share | 90 | — | 130 | 130 |
| Loan repayments | 29 | 29 | 29 | 29 |
| Loan balance outstanding | 787 | 30 | 1,693 | 1,693 |
| Loan levies | — | — | — | — |
| Capital expenditure commitments | — | — | 2,536,000 | 2,536,000 |
| Development | | | | |
| Advanced (m) | 16,541 | 14,995 | 85,618 | 85,618 |
| Sampling results: Sampled (m) | 1,476 | 1,503 | 5,925 | 5,925 |
| Channel width (cm) | 113 | 118 | 114 | 114 |
| Average value: Gold (cm.g/t) | 1,818 | 1,513 | 1,640 | 1,640 |
| Uranium (cm.kg/t) | 59-43 | 54-26 | 54-24 | 54-24 |
| Payable: | | | | |
| Metres (m) | 888 | 774 | 3,210 | 3,210 |
| Percentage | 60-2 | 51-5 | 54-2 | 54-2 |
| Channel width (cm) | 102 | 108 | 104 | 104 |
| Value: Gold (cm.g/t) | 2,325 | 19-24 | 2,191 | 2,191 |
| (g/t) | 2,370 | 2,070 | 2,272 | 2,272 |
| Uranium (cm.kg/t) | 0-678 | 0-615 | 0-633 | 0-633 |
| (cm.kg/t) | 68-11 | 66-21 | 65-64 | 65-64 |

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13,062,920 shares of 50 cents each.

Operating results

| | Quarter ended | | 6 months ended | |
|--|---------------|---------------|----------------|--------------|
| | 30 June 1977 | 31 March 1977 | 30 June 1977 | 30 June 1977 |
| Stilfontein Ore milled (t) | 469,000 | 450,000 | 919,000 | 919,000 |
| Gold produced (kg) | 3,905-888 | 4,048-124 | 7,955-012 | 7,955-012 |
| Yield—Stilfontein ore (g/t) | 8-33 | 9-00 | 8-66 | 8-66 |
| Working revenue per ton milled (R) | 32-99 | 34-24 | 33-60 | 33-60 |
| Working cost per ton milled (R) | 34-27 | 34-23 | 34-25 | 34-25 |
| Income/(Loss) per ton milled (R) | (1-28) | 0-01 | (0-65) | (0-65) |
| Financial (R'000) | | | | |
| Working revenue (gold) | 15,472 | 15,409 | 30,881 | 30,881 |
| Working costs (gold) | 16,073 | 15,403 | 31,476 | 31,476 |
| Income/(Loss) (gold) | (601) | 6 | (595) | (595) |
| State aid | 1,854 | 942 | 2,796 | 2,796 |
| Income on sale of acid | 11 | 16 | 27 | 27 |
| Income at mine | 1,264 | 964 | 2,228 | 2,228 |
| Net additional revenue | 151 | 135 | 286 | 286 |
| Less interest | 39 | 33 | 72 | 72 |
| Income before taxation and State's share of Income | 1,376 | 1,066 | 2,442 | 2,442 |
| Taxation and State's share of Income | 61 | 57 | 118 | 118 |
| Income after taxation and State's share of Income | 1,315 | 1,009 | 2,324 | 2,324 |
| Capital expenditure | 397 | 442 | 839 | 839 |
| Trade investments | (13) | (1) | (19) | (19) |
| Dividends declared | 1,437 | — | 1,437 | 1,437 |
| cents per share | 11 | — | 11 | 11 |
| Loan repayments | 103 | — | 103 | 103 |
| Loan balance outstanding | 1,112 | 1,215 | 1,112 | 1,112 |
| Loan levies | 9 | 8 | 17 | 17 |
| Capital expenditure commitments | — | — | 82,000 | 82,000 |
| Capital expenditure for remainder of year | — | — | 2,353,000 | 2,353,000 |
| Development | | | | |
| Advanced (m) | 5,202 | 5,013 | 10,215 | 10,215 |
| Sampling results: Sampled (m) | 810 | 1,242 | 2,052 | 2,052 |
| Channel width (cm) | 25 | 25 | 25 | 25 |
| Average value: Gold (cm.g/t) | 1,187 | 1,141 | 1,159 | 1,159 |
| Uranium (cm.kg/t) | 17-39 | 17-06 | 17-19 | 17-19 |
| Payable: | | | | |
| Metres (m) | 432 | 612 | 1,044 | 1,044 |
| Percentage | 53-3 | 49-3 | 50-9 | 50-9 |
| Channel width (cm) | 18 | 20 | 19 | 19 |
| Value: Gold (g/t) | 1,051 | 92-3 | 97-2 | 97-2 |
| (cm.g/t) | 1,881 | 1,856 | 1,866 | 1,866 |
| Uranium (cm.kg/t) | 1-274 | 1-198 | 1-238 | 1-238 |
| (cm.kg/t) | 22-81 | 23-86 | 23-49 | 23-49 |

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital—1,420,683 shares of 56 cents each.

Operating results

| | Quarter ended | | 12 months ended | |
|--------------------------------------|---------------|---------------|-----------------|--------------|
| | 30 June 1977 | 31 March 1977 | 30 June 1977 | 30 June 1977 |
| Ore milled (t) | 55,000 | 48,500 | 2,340,000 | 2,340,000 |
| Gold produced (kg) | 281-454 | 284-467 | 1,228-081 | 1,228-081 |
| Yield (g/t) | 5-11 | 5-87 | 5-25 | 5-25 |
| Working revenue per ton milled (R) | 19-93 | 21-50 | 17-88 | 17-88 |
| Working cost per ton milled (R) | 22-04 | 23-34 | 22-96 | 22-96 |
| Loss per ton milled (R) | 2-11 | 1-84 | 5-08 | 5-08 |
| Financial (R'000) | | | | |
| Working revenue | 1,096 | 1,042 | 4,183 | 4,183 |
| Working costs | 1,212 | 1,132 | 5,372 | 5,372 |
| Loss | 116 | 90 | 1,189 | 1,189 |
| State aid | 271 | 236 | 1,042 | 1,042 |
| Net additional expenditure | 27 | 20 | 80 | 80 |
| Income/(Loss) before taxation | 128 | 126 | (237) | (237) |
| Taxation | — | — | — | — |
| Income/(Loss) after taxation | 128 | 126 | (237) | (237) |
| Capital expenditure | 23 | 4 | 31 | 31 |
| Dividends declared per share (cents) | — | — | — | — |
| Capital expenditure commitments | — | — | 1,000 | 1,000 |
| Development | | | | |
| Advanced (m) | 589 | 85 | 1,596 | 1,596 |
| Sampling results: Sampled (m) | 273 | 72 | 628 | 628 |
| Channel width (cm) | 159 | 99 | 121 | 121 |
| Average value (cm.g/t) | 757 | 675 | 669 | 669 |
| Payable: | | | | |
| Metres (m) | 40 | 17 | 82 | 82 |
| Percentage | 14-8 | 22-9 | 13-2 | 13-2 |
| Channel width (cm) | 166 | 108 | 122 | 122 |
| Value (g/t) | 10-75 | 13-65 | 12-02 | 12-02 |
| (cm.g/t) | 1,790 | 1,481 | 1,469 | 1,469 |

Development Summary for the three months ended 30 June 1977

| Reef | Metres advanced | Metres sampled | Channel width (cm) | Value (g/t) | Value (cm.g/t) |
|--------------------------|-----------------|----------------|--------------------|-------------|----------------|
| Ventersdorp Contact Reef | 83 | 46 | 118 | 700 | 815 |
| Nimbley Reef | 539 | 227 | 168 | 4-45 | 7-65 |
| Totals | 622 | 273 | 169 | 4-78 | 7-57 |

Development Summary for the three months ended 30 June 1977

| Area | Metres advanced | Per centage payable | Channel width (cm) | Gold (g/t) | Uranium (cm.kg/t) |
|-------------------|-----------------|---------------------|--------------------|------------|-------------------|
| Pioneer Secondary | 37 | 43-3 | 102 | 33-28 | 3-395 |
| Lucas Block | 132 | 80-0 | 73 | 43-84 | 3-190 |
| Southern Shaft | 381 | 72-0 | 84 | 21-64 | 1-812 |
| Orange Shaft | 150 | 50-0 | 125 | 19-47 | 0-584 |
| South Vaal | 188 | 51-9 | 141 | 16-33 | 2-305 |
| Totals | 888 | 60-2 | 102 | 23-25 | 2-370 |

PRODUCTION

The lower average recovery grade for the quarter resulted in a decline of 143 kilograms in gold production as compared with that of the previous quarter, but the higher gold price realised raised the working revenue by R63,000. This in turn, was reduced by higher working costs due mainly to an increase in black labour strength and costs involved in the 11 day-for-night.

CAPITAL EXPENDITURE

The main capital expenditure was in respect of underground re-ignition, development into the eastern zone of the mine and pumping arrangements.

On behalf of the board,
J. C. FRITZ, Director
D. G. MALAN, Director

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital—4,250,000 shares of R1 each

25,000 deferred shares of R2 each.

Operating results

| | Quarter ended | | 6 months ended | |
|---------------------------------|---------------|---------------|----------------|--------------|
| | 30 June 1977 | 31 March 1977 | 30 June 1977 | 30 June 1977 |
| Gold Section | | | | |
| Ore milled ex underground (t) | 168,500 | 186,286 | 354,786 | 354,786 |
| Ore milled ex surface dumps (t) | — | 37,714 | 37,714 | 37,714 |
| Total ore milled (t) | 168,500 | 224,000 | | |

IBS AND DEALS

Wedgwood well up so far—£2m. acquisition

holders in Wedgwood holding of 119,500 10 per cent. shares...

ESPERANZA STAKE Esperanza Trade and Transport has acquired 50 per cent. of...

SINGLO/PURBECK The number of Purbeck Ordinary shares held by Singlo...

ARE STAKES Bilton Tobacco Investment holds 731,001 accumulation shares...

LB (PLASTICS) U.S. EXPANSION Signs that the fragmented plastics extrusion industry is becoming aware of market opportunities...

Finance ends Phoenix Shipbuilders numerous legal and other difficulties...

Dividend AMENDMENTS The following companies have amended their dividends...

ENTERTAINMENTS GUIDE (Cont.) THEATRES Broadway 815 1334...

CINEMAS CAMDEN PALACE 100 St. John's Lane...

CLUBS The 188, Regent Street, 724 0557...

Union Discount peak profits Adequate credit supply

THE EXCEPTIONAL fall in interest rates in the early months of the current year...

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977)

Table with columns: Month, Interbank, Local Authority, Finance, Discount, Treasury, High Yield, Fine Yield

See Lex Statement Page 26 Harrison & Crofield shows advance

Shareholders in Harrison and Crofield were told by Mr. Finlay Gilchrist, the chairman...

London Life premium cuts London Life Association, a leading U.S. mutual life company...

Union Corporation Group Directors' Reports of Gold Mining Companies for the quarter ended 30th June, 1977.

ST. HELENA GOLD MINES LIMITED

Table with columns: Quarter ended, Nine months ended, 30th June, 31st Mar, 30th June, 1977

KINROSS MINES LIMITED

Table with columns: Quarter ended, Nine months ended, 30th June, 31st Mar, 30th June, 1977

LESLIE GOLD MINES LIMITED

Table with columns: Quarter ended, Nine months ended, 30th June, 31st Mar, 30th June, 1977

BRACKEN MINES LIMITED

Table with columns: Quarter ended, Nine months ended, 30th June, 31st Mar, 30th June, 1977

THE GROOTVLEI PROPRIETARY MINES LIMITED

Table with columns: Quarter ended, Six months ended, 30th June, 31st Mar, 30th June, 1977

WINKELHAAK MINES LIMITED

Table with columns: Quarter ended, Nine months ended, 30th June, 31st Mar, 30th June, 1977

MARIEVALE CONSOLIDATED MINES LIMITED

Table with columns: Quarter ended, Six months ended, 30th June, 31st Mar, 30th June, 1977

UNISEL GOLD MINES LIMITED

Shareholders of 20,000 shares of no par value. At the end of the quarter the shaft had reached a depth of 1,859 metres...

UNISEL GOLD MINES LIMITED

Shareholders of 20,000 shares of no par value. At the end of the quarter the shaft had reached a depth of 1,859 metres...

Adjustments have been made to the payable development metres and values to conform with those applied to the estimation of ore reserves...

H. Samuel

BRITAIN'S LARGEST JEWELLER


A Record Centenary Year

The Chairman, Gilbert H. Edgar, reports on another successful year.

Results for 52 weeks ended 31st January.

| | 1977 | 1976 |
|---------------------|-------------|-------------|
| Turnover (VAT exc) | £46,261,223 | £39,784,897 |
| Profit before Tax | £9,015,291 | £8,398,152 |
| Earnings per share | 22.13p | 19.52p |
| Dividends per share | 7.50p | 5.30p |

- ★ Value of properties estimated to show a surplus of £17.5 million.
- ★ Our policy of expansion and consolidation continues - capital expenditure programme for current year exceeds £2 million.
- ★ First four months trading in current year show 20% increase in turnover.



H. Samuel Limited
Copies of the 60th Annual Report may be obtained from the Secretary, H. Samuel Ltd., Hunters Road, Birmingham B19 1DS

The Union Discount Company of London Limited

At a Meeting of the Board of this Company held yesterday, 20th July 1977, the Directors declared an interim dividend of 8½p per £1 Unit of Stock on account of the year ending 31st December 1977 (1976 - 7p). This interim dividend will be paid on 1st September 1977 to Stockholders whose names are on the Register at the close of business on 5th August 1977.

The exceptional fall in interest rates in the early months of the year, followed by relatively stable conditions thereafter, has enabled the Company to earn profits for the half year ended 30th June 1977 which have surpassed those of any comparable period. As a consequence the Company's resources now stand at a record level.

In the absence of any unforeseen circumstances the Directors expect to recommend a final dividend which would make a total distribution for the year equal to the maximum permitted under current legislation.

The Union Discount Company of London Ltd.
London 78/80 Cornhill, London EC3V 3NH. Tel: 01-626 7941
Edinburgh: 24a Melville Street, Edinburgh EH3 7NS. Tel: 01-226 3335

MINING NEWS

Uranium sales boost Buffelsfontein

BY PAUL CHEESERIGHT

URANIUM SALES have given a significant boost to the quarterly working profits of Buffelsfontein and West Rand Consolidated, two mines in the General Mining group. The results emphasise the growing importance of South Africa as a uranium supplier at a time of expansion for the international nuclear power industry. Back payments on previous deliveries and higher prices compared with the previous quarter lifted uranium revenue at Buffelsfontein by R4.2m (£2.8m) in the three months to the end of June, together with the increase in revenue from gold reserves.

West Rand Consolidated increased its production but was also able to make spot sales from its uranium stockpile, which boosted revenue by R2.5m (£1.7m). With gold revenue also higher than in the previous quarter the mine was able to come back to profit after a loss in the March quarter.

The General Mining operations have been increasing their black labour complements and this has contributed to a rise in costs, partially offsetting the benefits accruing from a rise in the bullion price. The mines have been receiving between \$8 and \$9 more for each ounce produced in the June quarter than in the March quarter.

| | June | Mar. | Dec. |
|----------------|--------|-------|-------|
| Buffelsfontein | 23,025 | 8,225 | 8,425 |
| S. Roadport | 418 | 90 | 372 |
| Sullitfontein | 1,996 | 22 | 347 |
| W. Rand Cons. | 1,447 | 1,517 | 6,528 |

Buffelsfontein has revised its ore reserve figures. At the end of June, on the basis of \$140 an ounce, just beneath current market prices, total reserves were put at 6.44m tons, against 7.02m tons a year before on the basis of \$130 an ounce.

The higher working profits throughout the group are shown in the accompanying table:

| | June | Mar. | Dec. |
|----------------|-------|-------|-------|
| Buffelsfontein | 1,000 | 800 | 800 |
| S. Roadport | 118 | 22 | 372 |
| Sullitfontein | 1,996 | 22 | 347 |
| W. Rand Cons. | 1,447 | 1,517 | 6,528 |

The quarterly figures for the Union Corporation gold mines are mixed. General Mining now has a controlling interest in Unicoorp. Both groups have been affected by the introduction of the 11-shift fortnight for white mineworkers, in common with mines in other groups who reported earlier this week. Productivity has been affected, although Unicoorp does not state by how much, at a time when working costs per ton have been rising in all mines of the group.

But the bullion price has been higher, with Winkelsbaak, for example receiving \$141.09 an ounce compared with \$132.18 in the March quarter. Winkelsbaak, in common with Grootvlei, Kinross, and Leslie, managed to increase its working profits. But an increase has been

beyond St. Helena. In line with earlier forecasts, the tonnage mined has dropped, while the areas of the mine now being worked are more expensive because of their depth, heat and the cost of mining pillars.

The Unicoorp reports reveal that Grootvlei and Marievale have acquired parcels of shares in Anglo American Corporation's East Rand Gold and Uranium (ERGO) and have granted ERGO the right to treat their dikes from mine waste dumps.

Grootvlei is buying 28,800 ERGO shares and Marievale is buying 31,200 shares. The price is R2.50 a share, giving a discount of R1 on the price quoted in the recent ERGO prospectus offering the public a chance to invest.

| | June | Mar. | Dec. |
|-------------|-------|-------|-------|
| Braden | 1,000 | 1,000 | 1,000 |
| Grootvlei | 1,000 | 1,000 | 1,000 |
| Leslie | 1,000 | 1,000 | 1,000 |
| Marievale | 1,000 | 1,000 | 1,000 |
| St. Helena | 1,000 | 1,000 | 1,000 |
| Winkelsbaak | 1,000 | 1,000 | 1,000 |

The link of the two mines with ERGO confirms recent stock mar-

ket rumours which were thought to be behind recent strength in their share prices. Yesterday Grootvlei were 69½p and Marievale were 72p.

The Unicoorp mines working profits are compared in the accompanying table:

NORANDA ENTERS CHILE VENTURE

The Canadian group, Noranda, has agreed with the Chilean Government to explore and exploit the Andacollo copper deposit in the northern province of Coquimbo. The project will require an investment of \$350m (£203.4m).

Exploration of the ore reserves which are estimated at 200m tonnes, is already well advanced and studies have indicated that output could reach between 70,000 and 75,000 tonnes.

This is the second copper agreement Chile has reached with Canadian companies this month. A week ago a group led by Falconbridge Nickel and McIntyre Mines agreed to explore the Quebrada Blanca deposit and opened the way to a possible \$700m investment.

Anaconda eyes Alwest

THE THIRD largest copper producer in the U.S., Anaconda, now seeking a new lease of life after becoming a subsidiary of Atlantic Richfield, is likely to enter the Alwest alumina project in Western Australia.

A statement from one of the Alwest partners, Reynolds Metals of the U.S., said that Anaconda is actively studying all aspects of the \$460m (£282.3m) project with a view to becoming a participant.

The two other Alwest partners are Erocopa Hill Proprietary and Mr. Rupert Murdoch's group, News. They hold bauxite deposits in the Darling Range, which, it has been planned, would provide long-term security of raw material supplies for the proposed smelter.

Anaconda's appearance as a possible participant comes quickly after the withdrawal from the project of Alcoa of Australia, whose adherence to Alwest, announced in December last year, seemed likely to bring to fruition a project which has been seven years in the planning stage.

Alcoa, which is 51 per cent owned by Aluminium Company of America, withdrew, apparently on fears of anti-trust action in the U.S., because of the link with Reynolds. Our Perth correspondent expects that Alcoa will now go

ahead on its own with the construction of a smelter at Wagerup. Alwest will return to the site, where it originally planned to have a smelter, just outside the coal mining town of Colla.

The Western Australian Premier, Sir Charles Court, expects construction of the Alwest smelter to start next year and finish in 1981. Production would be between 0.5m and 1m tonnes a year.

Anaconda is expected to make a definite decision about Alwest in the autumn, but its limited commitment so far signifies a new interest in taking part in the development of Australian natural resources. Its exploration budget is being increased, and it is examining coal prospects. Arco already has offshore oil interests.

ROUND-UP

Shares in Tharsis Sulphur and Copper, which has pyrites interests in Spain, were marked up 40p yesterday to 320p after the company announced that its non-industrial land had been re-valued at £2.8m, after having a book value of £15,000, and that £1.2m of the surplus would be capitalised and distributed among shareholders in the form of a three-for-ten scrip issue.

The German coal and industrial group, Saarbergwerke, which is 74 per cent owned by the federal Government, made a net profit of DM9.1m (£2.5m) in 1976 after a loss of DM15m in 1975. Sales this year are expected to be at much the same level as in 1976, although they were running 1.4 per cent lower during the first five months of the year.

The Toronto company, Mentor Exploration and Development, has taken an option on the Victory tungsten-molybdenum property in the Samo area of British Columbia. The property lies to the north east of Camex Placer's former Emerald Tungsten mine.

MINING BRIEFS

| WESTERN PLATINUM HOLDINGS | |
|------------------------------|---------------|
| Operations | 28,177 13,177 |
| Tons milled (000's) | 325 325 |
| Platinum (kg.) | 924 924 |
| Palladium (kg.) | 288 220 |
| Other precious metals (kg.) | 165 139 |
| Nickel (metric tons) | 437 363 |
| Copper (metric tons) | 225 225 |
| Cost per ton milled | R12.13 R12.32 |
| Development | 3,254 3,272 |
| Metres advanced | 1,822 1,822 |
| Metres sunk | 1,724 1,822 |
| Value \$/t-PCM | 1.72 4.03 |
| White (tmt) | 471 413 |
| Cost Group | 3.25 3.25 |
| Capital dived. (metres) | 3.25 3.25 |
| Sales (R000's) | 3,825 4,624 |
| Cost of sales (R000's) | 1,789 42 |
| Working profit/loss (R000's) | 32 75 |
| Cap. exp. (1977/R000's) | 32 75 |

These securities have been privately placed, and this advertisement appears as a matter of record only.

New Issue

THE BRAZIL FUND S.A.

339,000 Depositary Shares at a price of U.S. \$9.93

F & C Management Limited Murray Johnstone Limited
Touche, Renmant & Co. Vickers, da Costa & Co. Bahamas Limited

DONALDSON, LUFKIN & JENRETTE INTERNATIONAL is pleased to announce the following in

LONDON

The election of **MARK J. SANDLER** Managing Director
Donaldson, Lufkin & Jenrette International and Senior Vice President
Donaldson, Lufkin & Jenrette Securities Corporation

The establishment of our International Fixed Income Department
ARTHUR L. SCHWARZ Director
The addition to our sales staff of **ROBERT L. HOOKE** Director
BROOKS CAREY
DAVID LLOYD-PRICE

PARIS

The election of **FRANCOIS MOUTE** Vice President
Donaldson, Lufkin & Jenrette Securities Corporation

ZURICH

The establishment of Donaldson, Lufkin & Jenrette AG
ERIK B. MEZGER Managing Director
GUSTAF BRADSHAW

INTERNATIONAL DIVISION

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

LONDON: 22 Austin Friars, London EC2N 2HY. Tel: 01-638 6561. Telex: 8811356

PARIS: 42 Avenue Moutaigne, 75008, Paris. Tel: 225 7300. Telex: 660495

ZURICH: Beethovenstrasse 5, 8002, Zurich. Tel: 202 80 35. Telex: 59671

New Issue July 21, 1977


KINGDOM OF NORWAY

DM 200,000,000

5 3/4 % Deutsche Mark Bonds of 1977/1982

Offering price: 100%
Interest: 5 3/4% p. a., payable on August 1 of each year.
Maturity: August 1, 1982
Listing: Frankfurt am Main

This advertisement appears as a matter of record only.



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Algemeine Bank Nederland N.V.
Kredietbank S.A. Luxembourgise

Hambros Bank
Union Bank of Switzerland (Securities)

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Alefli Bank of Kuwait (K.S.C.)
Andreas Bank AS
Banca del Gottardo
Bank Lau International Ltd.
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de Paris et des Pays-Bas
Banque de l'Union Europeenne
Bayerische Vereinsbank
Caisse des Depots et Consignations
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Kansallis-Osake-Pankki
Klappert, Benson
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Lazard Freres & Co.
Manufacturers Hanover
E. Metzler soel. Sohn & Co.
Nashit, Thomson
Pieron, Holding & Piarson N.V.
Rothschild Bank AG
J. Henry Schroder Wegg & Co.
Smith Barney, Harris Upham & Co.
Svenska Handelsbanken
UBS-DB Corporation
Verband Schweizerischer Kantonalbanken
M. M. Warburg, Brinkmann, Wirtz & Co.

Christiania Bank og Kreditkasse
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Compagnie Financière de la Deutsche Bank AG
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Amsterdam-Rotterdam Bank N.V.
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Citicorp International Group
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Dresdner Bank
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Wachstumsbank

Daily Mail and General Trust Limited

Statement by Viscount Rothermere, Chairman

Our Company has again increased its net revenue compared with that of the previous year, and the valuation of our investments including investment funds has risen from £40 million to £49½ million. The asset value of the Ordinary and "A" Ordinary shares, after allowing for the Preference Capital, has risen from 39½p to 488p. I should like to thank those who work throughout our Group in any capacity for all they have done to make this possible.

The overall income has increased by 13%: from our subsidiary by 10%, and from the investment portfolio by 16%. The earnings per share, after providing for taxes and the Preference dividend, are 15.9p compared with 14.1p in 1976. A tax adjustment for which we can now take credit makes the overall earnings per share 17.2p. An interim dividend of 3.932p per share was paid in February, and the final dividend will be 7.512p, making the year's total 11.444p per share, the maximum we may pay under the present regulations. A total of £1,183,680 will have been paid out as dividends, leaving £576,785 retained for expansion.

Being reasonably liquid, our Company was able to take advantage of the high interest rates and to anticipate a recovery in the market by purchase of equities at advantageous prices. I am happy, therefore, to be able to report that our net revenue for the year, after all expenses and taxation, rose by £313,907 against that of the previous year to a record £1,780,465.

These results have been made possible by the improvement in profits of our subsidiary together with the success of our investment programme,

designed to strengthen our financial position and to achieve steady growth in revenue and dividends, which will help shareholders with increasing costs.

Two general comments should be made about 1977. Little progress was made in bringing inflation under control and there was no relief from the Government restraints which have made the conduct of business difficult. Secondly, the Bullock Report made recommendations which, if implemented, will have long-term adverse effects on growth and efficient employment policies. The suggestions in the majority report will inevitably affect overseas confidence in this country, and lead to either a reduction of employees or a cut in investment progress, or both.

I should like to remind our shareholders of what Lord Bullock has written earlier: "The real revolution in Germany was the inflation, for it destroyed not only property and money, but faith in property and the meaning of money." His report does not consider you, the shareholder, or your rights in any aspect.

In conclusion, I can only say that your Board looks forward to the improvement in the country's balance of payments which has been generally forecast, especially in the light of the developing North Sea oil operations. This should strengthen both sterling and the economy as a whole. Further than that it would be rash to attempt to prophesy. However, with its wide spread of investments at home and overseas, there is every reason to feel assured that your Company can face the future with confidence.

HOX

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mail order rules
hidden charges

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Steel profits start to recover

BY STEWART FLEMING

EVIDENCE OF a marked recovery in the profits of the U.S. steel industry has emerged with the second quarter results of two of the industry leaders, Republic Steel, the fourth largest company, and Arco Steel, the fifth largest producer.

After sharp declines in profits in the first quarter of 1977, both companies have reported a much improved level of earnings in the second six months and are forecasting continued strong de-

mand into the second half of 1977.

In the second quarter Republic Steel earned profits of \$22.3m. (\$1.37 a share) compared with \$23.9m. (\$1.48 a share) in the same period of last year. In the first quarter of this year the company suffered a loss and therefore its earnings for the first six months are sharply down compared with 1976—at \$16m. compared with \$37.5m. in the first half of last year.

Arco Steel's second quarter earnings are \$30m. (95 cents a share) compared with \$31.6m. (\$1.01 a share) in the second quarter of last year.

For the first six months however Arco's net income is \$36.2m. compared with \$64.9m. in the first six months of 1976. Arco had managed to just remain profitable in the weather-affected first quarter.

Arco's chairman Mr. William Verity says that he is expecting the third and fourth quarter profits for the company to be better than the second quarter level. He cited strong demand for the oil and gas industry products of the company as factors beyond this forecast.

Mr. William De Lancey, president of Republic Steel, said that he is not anticipating a fall off in demand for steel products such as occurred in the second half of last year to be repeated in 1977. He added that capital goods industry demand is continuing to "expand across a broadening base."

Republic's second quarter earnings are \$30m. (95 cents a share) compared with \$31.6m. (\$1.01 a share) in the second quarter of last year.

Further profits setback at Monsanto

MONSANTO, the U.S. chemical company, has announced a further fall in profits, compared with 1976. Net income in the second quarter was \$31.5m., or 17.2 per cent less than the \$38.4m. in the same period last year, agencies report from St. Louis.

This means that for the first half of the year, net earnings, at \$229.4m., were 10.1 per cent below the 1976 first-half's \$258.3m., although sales were up in each of the first two quarters. In the first half of 1977, sales were \$1.12bn. in the six-month period, up from \$1.04bn. in 1976. Earnings a share in the second quarter of this year were \$2.21, against \$2.69, and in the half-year \$6.22, against \$7.09.

Nabisco fall

A SHARP fall in profits has been announced by Nabisco, with net earnings in the second quarter falling 58 per cent, to \$7.19m. or 47 cents a share, from \$17.85m. or \$1.12 a share, in the same period last year. Reuter reports from New York.

The latest figures, however, include a non-recurring charge of \$65.7m., or 73 cents a share, for the recently announced discontinuance of the West German subsidiary, KOX-Nabisco, and a writedown in Aurora Products Corporation.

EUROBONDS

Mitsui subsidiary issue brightens dollar sector

BY MARY CAMPBELL

THE U.S. dollar sector of the Eurobond market was fairly quiet yesterday, though dealers reported greater activity than on Monday or Tuesday. One new issue has been announced, \$20m. for MOL International, a Luxembourg-based subsidiary of the Japanese shipping company Mitsui O.S.K.

In first-time trading yesterday, Fisons was quoted at 99 1/4 after a par pricing. The bid price represented a three-quarter point discount from the par pricing, somewhat less than the discount at which the other recent British issue, Selection Trust, opened last week. Dealers attributed the better performance partly to the fact that Fisons is a better known name. But the main factor was its much smaller size.

Selection Trust had been closed at \$60m., more than double the size of the Fisons issue. Selection Trust was quoted yesterday at dealer said, since it was a private placement rather than a public issue and few people got a look at it.

Quebec Hydro has moved up further. It was quoted yesterday at 99 3/4 against a price of 99 1/4 on Tuesday. The new issue for MOL International offers an indicated coupon of 7 1/2 per cent, on a seven-year bullet maturity. Commercial lead manager, South African Railways venture into the D-mark sector of the Eurobond market to raise DM35m. inevitably raises the possibility that borrowers from this country could try to tap the U.S. dollar sector again soon.

This is thought more possible since there is such a shortage of borrowers at present. In general however dealers thought such an issue unlikely. The DM35m. issue cannot be regarded as a true test of market views on South Africa, one

Another dealer noted that South African issues are quoted at much higher prices than during last year, but said that an attempt to tap the dollar sector was nonetheless not to be expected. "We do not think the market would be very receptive to a dollar issue for South Africa at present," he said, unless, of course, the coupon was very much above general market rates.

The Malaysian Government Capital Issues Committee had announced conditions for their raising, and the diverting of the respective shares is believed to be one of the terms laid down by the CIC.

Unilever's problems with the Dutch unions over its proposal to cut jobs in its troubled meat sector in Holland by 1,500 were eased to-day after the company indicated its willingness to co-operate with a study into the meat problems to be carried out by independent experts. The unions earlier threatened industrial action if Unilever were to proceed with its reorganisation plan for its meat interests, which would involve a reduction in jobs from 4,300 to about 2,500 in a two-year period.

Accounting rule worries small oil companies

BY JAY PALMER

MANY OF America's smaller independent oil and gas producers are preparing to band together to fight a proposed accounting rule that could sharply reduce their reported earnings in some years and, ultimately, make it more difficult for them to report steady earnings growth and raise new exploration capital.

Late yesterday the U.S. Financial Accounting Standards Board proposed that all oil and gas companies be forced from next year to adopt a uniform "successful efforts" accounting approach to their exploration costs. This would replace the popular "full cost" method.

Under "successful efforts" rules, all the costs associated with finding and developing suc-

cessful wells would be shown on the assets side of the balance sheet and gradually written off over the life of the well. The costs associated with unsuccessful exploration attempts, which have risen sharply in recent years as oil and gas become harder and more expensive to find, are recognised under this method as full expenses and charged against earnings immediately. Although "successful efforts" accounting has been common with the largest companies for some years, smaller producers have used the "full cost" method which charges the costs of all exploration, successful and unsuccessful, against earnings over a period of years. Thus smaller concerns could

and did, avoid the immediate harsh impact of a stream of unsuccessful exploration attempts. Using "full cost" accounting, they could manage to report earnings growth even in bad years for exploration. Exxon, speaking for most of the large oil and gas companies, said that it had long been an advocate of the "successful efforts" method. "We believe that the capitalisation of the costs of unsuccessful efforts constitutes a misleading delay in the recognition of losses and results in an overstatement of assets."

| STAUFFER CHEMICAL | | KRAFT INC. | |
|-------------------|---------|----------------|----------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 293.7m. | 265.9m. | 1.291bn. |
| Profits | 20.2m. | 36.3m. | 41.2m. |
| Per share | 0.92 | 1.24 | 1.47 |
| Six Months | 683.8m. | 610.1m. | 2.574bn. |
| Revenue | 66.1m. | 71.4m. | 79.8m. |
| Profits | 3.03 | 3.30 | 2.85 |

| BUDD COMPANY | | EATON CORPORATION | |
|----------------|----------|-------------------|----------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 332.2m. | 298.2m. | 550.0m. |
| Profits | 14.6m. | 10.3m. | 28.7m. |
| Per share | 2.07 | 1.60 | 1.71 |
| Six Months | 1.044bn. | 0.889bn. | 1.044bn. |
| Revenue | 53.8m. | 48.3m. | 53.8m. |
| Profits | 3.09 | 2.61 | 3.09 |

| AMERICAN HOME PROD. | | MOTOROLA | |
|---------------------|----------|----------------|--------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 669.41m. | 623.90m. | 497m. |
| Profits | 69.64m. | 64.33m. | 27.8m. |
| Per share | 0.44 | 0.40 | 0.92 |
| Six Months | 1.4bn. | 1.31bn. | 879m. |
| Revenue | 148.97m. | 137.60m. | 51.8m. |
| Profits | 0.94 | 0.86 | 1.71 |

| ELI LILLY & CO. | | CHEMICAL N.Y. CORP. | |
|-----------------|---------|---------------------|--------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 369.0m. | 331.0m. | 497m. |
| Profits | 54.3m. | 50.5m. | 27.8m. |
| Per share | 0.78 | 0.73 | 0.92 |
| Six Months | 768.9m. | 693.9m. | 879m. |
| Revenue | 117.8m. | 111.9m. | 51.8m. |
| Profits | 1.70 | 1.62 | 1.71 |

| BOISE CASCADE | | BRANIFF INTERNATIONAL | |
|----------------|---------|-----------------------|---------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 591.3m. | 509.6m. | 192m. |
| Profits | 32.6m. | 27.6m. | 8.7m. |
| Per share | 1.10 | 0.94 | 0.48 |
| Six Months | 1.11bn. | 0.91bn. | 373.9m. |
| Revenue | 56.7m. | 44.5m. | 16.3m. |
| Profits | 1.92 | 1.51 | 0.81 |

| KOPPERS CO. | | TIME INC. | |
|----------------|---------|----------------|---------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 340.6m. | 309.5m. | 311.2m. |
| Profits | 19.5m. | 19.7m. | 25.1m. |
| Per share | 0.78 | 0.75 | 1.24 |
| Six Months | 603.7m. | 546.7m. | 579.2m. |
| Revenue | 22.6m. | 33.1m. | 49.2m. |
| Profits | 0.91 | 1.32 | 1.98 |

| INA CORPORATION | | RAYTHEON | |
|-----------------|---------|----------------|---------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 886.3m. | 709.6m. | 43.7m. |
| Profits | 1.83 | 0.76 | 6.2m. |
| Per share | 1.83 | 0.76 | 0.48 |
| Six Months | 1.70bn. | 1.37bn. | 373.9m. |
| Revenue | 78.9m. | 36.6m. | 16.3m. |
| Profits | 3.26 | 1.59 | 0.81 |

| AMERICAN CAN | | DIAMOND SHAMROCK | |
|----------------|---------|------------------|---------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 928.5m. | 796.4m. | 457.1m. |
| Profits | 29.54m. | 24.86m. | 38.9m. |
| Per share | 1.50 | 1.26 | 0.55 |
| Six Months | 1.69bn. | 1.54bn. | 969.9m. |
| Revenue | 49.5m. | 44.32m. | 78.3m. |
| Profits | 2.50 | 2.24 | 1.13 |

| ARMCO STEEL | | GEOGRAPHIC PACIFIC | |
|----------------|---------|--------------------|---------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 917.7m. | 821.4m. | 938.8m. |
| Profits | 30m. | 31.6m. | 67.8m. |
| Per share | 0.95 | 1.01 | 0.67 |
| Six Months | 1.71bn. | 1.57bn. | 1.71bn. |
| Revenue | 36.2m. | 64.9m. | 123.7m. |
| Profits | 1.10 | 2.07 | 1.22 |

| BURLINGTON NORTHERN | | ST. REGIS PAPER | |
|---------------------|----------|-----------------|---------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 529.7m. | 459.5m. | 475.0m. |
| Profits | 14.6m. | 8.2m. | 24.47m. |
| Per share | 1.12 | 0.62 | 1.01 |
| Six Months | 1.028bn. | 0.894bn. | 90.47m. |
| Revenue | 58.3m. | 33.7m. | 40.13m. |
| Profits | 4.57 | 2.64 | 1.85 |

| MARINE MIDLAND BANKS | | BURLINGTON NORTHERN | |
|----------------------|--------|---------------------|----------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 3.97m. | 3.22m. | 529.7m. |
| Profits | 0.31 | 0.25 | 14.6m. |
| Per share | 0.31 | 0.25 | 1.12 |
| Six Months | 8.37m. | 4.48m. | 1.028bn. |
| Revenue | 0.74 | 0.35 | 58.3m. |
| Profits | 0.74 | 0.35 | 58.3m. |

| SELECTED EURODOLLAR BOND PRICES | | MID-DAY INDICATIONS | |
|---------------------------------|--------|---------------------|--------|
| Offer | Bid | Offer | Bid |
| Swedish State Co. 7 1/2% '82 | 99 1/4 | 100 | 99 3/4 |
| Tennessee 7 1/2% '80 | 97 1/2 | 98 | 97 1/2 |
| Yokohama 7 1/2% '87 | 99 | 98 1/2 | 99 |

This announcement appears as a matter of record only.

May 9th, 1977

US \$7,500,000

The Iran Knitting Company

Guaranteed by

The International Bank of Iran and Japan

(Associated with The Bank of Tokyo, Ltd.)

Arranged by

First Boston (Europe) Limited Dow Banking Corporation

Provided by

Dow Banking Corporation

Western American Bank (Europe) Limited

Iran Overseas Investment Bank Limited


Lloyds Bank International Limited

Mellon Bank, N.A.

Agent Bank:

Mellon Bank, N.A.

This advertisement appears as a matter of record only.



Blue Star Line Limited

Ellerman Lines Limited

Port Line Limited

US \$50,000,000

Medium Term Multi Currency Loan

In connection with the Container Ship ACT 7

arranged and managed by

National Westminster Bank Limited

provided by

International Westminster Bank Limited

and

The Royal Bank of Canada

June 1977


| COMINCO LTD. | | OLIN CORP. | |
|--------------|---------|----------------|---------|
| Six Months | 1977 | Second Quarter | 1976 |
| Revenue | 411.2m. | 363.5m. | 387.1m. |
| Profits | 37.5m. | 26.5m. | 27.8m. |
| Per share | 2.11 | 1.87 | 2.31 |
| Six Months | 1.11bn. | 0.91bn. | 769.4m. |
| Revenue | 56.7m. | 44.5m. | 49.7m. |
| Profits | 1.92 | 1.51 | 4.13 |

| BURLINGTON NORTHERN | | ST. REGIS PAPER | |
|---------------------|----------|-----------------|---------|
| Second Quarter | 1977 | Second Quarter | 1976 |
| Revenue | 529.7m. | 459.5m. | 475.0m. |
| Profits | 14.6m. | 8.2m. | 24.47m. |
| Per share | 1.12 | 0.62 | 1.01 |
| Six Months | 1.028bn. | 0.894bn. | 90.47m. |
| Revenue | 58.3m. | 33.7m. | 40.13m. |
| Profits | 4.57 | 2.64 | 1.85 |

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|---------------------------------|--------|---------------------|--------|
| Offer | Bid | Offer | Bid |
| Swedish State Co. 7 1/2% '82 | 99 1/4 | 100 | 99 3/4 |
| Tennessee 7 1/2% '80 | 97 1/2 | 98 | 97 1/2 |
| Yokohama 7 1/2% '87 | 99 | 98 1/2 | 99 |

These securities having been sold, this announcement appears as a matter of record only.

20th July, 1977



Kansallis-Osake-Pankki

(Incorporated with limited liability in Finland)

U.S. \$30,000,000

Floating Rate Capital Notes 1983

European Banking Company Limited

Credit Suisse White Weld Limited Banque de Paris et des Pays-Bas

Kreditbank S.A. Luxembourgeoise Manufacturers Hanover Limited

Nordic Bank Limited Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

Weekly net asset value

on July 18, 1977

Tokyo Pacific Holdings N.V.

U.S. \$ 40.44

Tokyo Pacific Holdings (Seaboard) N.V.


U.S. \$ 29.48

Listed on the Amsterdam Stock Exchange

Information: Pearson, Holding & Pierceo N.V., Herengracht 214, Amst.

These securities having been sold, this announcement appears as a matter of record only.

20th July, 1977



Kansallis-Osake-Pankki

(Incorporated with limited liability in Finland)

U.S. \$30,000,000

Floating Rate Capital Notes 1983

European Banking Company Limited

Credit Suisse White Weld Limited Banque de Paris et des Pays-Bas

Kreditbank S.A. Luxembourgeoise Manufacturers Hanover Limited

Nordic Bank Limited Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

POST OFFICE REVIEW

BY JOHN LLOYD, INDUSTRIAL STAFF

Structural changes urged by report

The Post Office Review Committee was set up on November 12, 1975, under the chairmanship of Mr. Charles Carter, vice-chancellor of Lancaster University, with a brief to inquire into, and report on, the efficiency of the Post Office.

Its terms of reference were: "To examine the performance and main features of the organisation of the Post Office and its use of resources and assets; and to consider whether any changes would better enable it to perform its functions under the Post Office Act 1969; to assess the policies, prospects and social significance of the postal business, including methods of financing it as a self-supporting public service; to consider whether the Post Office Act 1969 places undue restrictions on the Post Office; and to make recommendations."

The committee began work in January, 1976, and largely completed its report within the 15 months it set itself.

It received evidence from 215 organisations and individuals, of whom 43 also gave oral evidence. It had several discussions with the chairman and members of the Post Office Board, as well as a number of senior Post Office executives.

The main features of its recommendations are:

- splitting the Post Office into two independent corporations;
- the creation of a Council on Post Office and Telecommunications Affairs which would advise the Secretary for Industry on the operation of both corporations;
- the adoption by the Post Office of a flexible pricing policy in the mails;
- the close integration of parcels with main letter traffic and the possible abandonment of heavy parcels above 3 kg;
- the rapid adoption of the most modern telephone exchange equipment;
- the adoption of international comparative efficiency indicators to stimulate management productivity;
- the provision of better consumer services and information.

The report accepts that, by its nature, the Post Office can never be independent from government, and should not be so. The problem is not government intervention itself, but its nature.

The adoption of the recommendation for a Council on the Post Office and Telecommunications Affairs would, the report believes, provide government with detailed information on the two organisations' workings, while leaving the Corporations' managements as free as possible to plan for the future.

On industrial democracy, and the proposed plan (due to come into operation later this year) for worker directors to sit on a reconstituted Board, the Carter Committee is highly sceptical.

The report says: "We do not believe that this proposal for a union voice at Board level is properly supported by a development of true industrial democracy at the level of the ordinary employee—that is, involvement in decisions made close to the work place and affecting every-day satisfaction and the future prospects of the individual worker."

Aside from the structural changes of splitting the Post Office, and creating a new advisory Council, the major recommendations in the report concern the need for the Post Office—especially the postal services—to become more aggressive and flexible in its pricing and marketing policies.

In particular, it recommends the adoption of a system of short-run marginal cost pricing in the mails to attract extra business, especially from bulk mail users.

● *The Report of the Post Office Review Committee, Cmnd 6830, SO, £2.35.*



Mr. Charles Carter, chairman of the committee and vice-chancellor of Lancaster University.

Expansion in posts expected Profit 'not criterion of productivity'

WITH FLEXIBLE pricing and increased efficiency in the postal services, the committee sees no reason why these should not enjoy a period of expansion over the next 20 years.

Proposals to drop the second daily delivery are rejected by the report, which sees the postal side's main responsibility as aiming for the highest possible target for next-day delivery of first-class items.

Reasonable assurance of next-day delivery depends upon a second delivery in towns.

It recommends that "first" and "second-class" be replaced by the designations "priority" and "standard", characterising the present designations as a bad exercise in public relations.

It also thinks that a more widespread use of part-time staff would help counter the peaks and troughs experienced in the Post Office's work patterns.

On mechanisation, the report is doubtful if all the relevant factors have been considered by the Post Office.

In particular, it doubts the efficacy of very large mechanised sorting offices, criticising them as being too vulnerable to labour disruption and sabotage.

However, it accepts there is a proper financial case for going ahead with mechanisation, and recommends its widespread adoption as soon as possible.

The success of mechanisation depends on the widespread use of postcodes. At present, less than 50 per cent. of letters bear postcodes.

The report recommends a programme to convince the public of their use, and that a start should be made immediately to print postcodes in telephone directories.

Telegrams are seen as a loss-making service for which there is a declining need. The report suggests the abandonment of the service, leaving only provision for international telegrams and "life and death" messages.

The problems of the parcel service are recognised by the committee, but it rejects the alternative of abolishing it, and allowing other carriers to take up the slack.

The major recommendation is for the Post Office to exercise a virtual monopoly on small parcels (up to 3 kg.) and to possibly pull out of heavier parcels.

There should also be a more realistic pricing policy, aimed at eliminating the large deficit

costs, not on distance to be covered. For parcels, however, it recommends a "zonal pricing system"—pricing by distance. Moreover, and more importantly, the report recommends the Post Office adopts the principles set out in the Government White Paper, Nationalised Industries: A Review of Economic and Financial Objectives (Cmnd 3437).

Even in the telecommunications business, however, international comparisons tend to show (though the arguments are not conclusive) higher productivity in other countries, notably the U.S., Japan and Sweden.

On the postal side, international comparisons are even more dubious. But again, the tendency of the evidence is that while the U.K. postal service does reasonably well, it is outstripped by other countries.

As an example, the report cites the case of the U.S. firm of AT&T (owners of the Bell system), which uses a monthly green book of comparative efficiency indicators based on the relative performances of companies within the Bell system. It recommends that the Post Office adopt a similar approach, region by region.

On pricing, the report stresses a clear policy is necessary for efficient management. It endorses the "Rowland Hill principle"—a uniform rate of postage for letters based on handling

This recommended "pricing policies should be devised with reference to the cost of particular goods and services provided. Unless this is done, there is a risk of undesirable cross-subsidisation and consequent misallocation of resources."

The specific method the report wishes to see adopted is that known as short-run marginal cost pricing—a price related to the cost incurred above the fixed cost for any particular operation.

This method would mean that the Post Office could quote lower prices, say, for bulk delivery of items which utilised existing under-used capacity.

Given the adoption of the marginal cost pricing system, and the dissemination of financial information to every management level in the Post Office, the committee believes the postal service can reverse its downward trend, and pick up extra business from some considerable time in come.

Undesirable

Plea on exchange systems

TELECOMMUNICATIONS is seen as an expanding, relatively successful area of Post Office activity. The major problems are caused by growth.

The system known as stored programme control (SPC) has emerged as the most efficient and flexible system for telephone exchanges.

This uses solid-state devices in integrated circuits. The committee recommends the rapid adoption of SPC systems in the most modern exchange equipment—known as the TBE.

The problem in this area lies outside the direct competence of the Post Office. There is at present no proven British supplier of SPC systems, though there are Japanese and American suppliers.

These risks are exacerbated by there being three competing suppliers in the UK, who do not constitute a manageable team.

The report recommends the management of the System X project be strengthened by specifying and targeting the requirements on one hand, and managing the project to achieve them on the other.

Range of telecommunications services 'is revolutionary'

THE Post Office is responsible—by historical accident—for a variety of different functions.

It has a mail carriage monopoly; it carries parcels; it provides agency services for government (for example, the payment of pensions); it runs a telecommunications service which is virtually a monopoly; it delivers telegrams, runs the Giro (a central bank clearing system) and sells data processing facilities.

The telecommunications division is the largest of the Post Office's interests, employing 240,000, with net assets of more than £5bn.

The British telephone system is the third largest in the world, after the American and the Japanese. Its potential for growth is still strong—the report believes the number of receivers could be doubled. The range of services within the technical feasibility of the Post Office, or about to become feasible, is wide and, the report believes, "revolutionary."

The report says: "A subscriber could use the system to cause an automatic transfer of funds from his account to that of a supplier, thus avoiding the dispatch of cheques through the post. He could dial access to a data bank of almost unlimited size. He could command his messages to appear as a facsimile or as a typed document to a distant office.

"His communication links for private messages could be integrated with those of broadcast services; carried by cable, enabling him to receive a great range of audio-visual material.

"Such possibilities have major implications for other industries, not least for the traditional transmission of written messages through the post."

The telecommunications ser-

vice enjoys a relatively high reputation, though it falls behind the standard of service provided by some other countries, notably the U.S. It is far and away the major domestic customer of the British telecommunications equipment industry, and by changing or cancelling orders at short notice, it has "produced violent and damaging fluctuations in the fortunes of that industry."

"The Post Office record in telecommunications," the report says, "deserves responsible criticism, but not the exercise of our national habit of condemning all things British as though they were the worst in the world."

High standard

In posts, the committee finds a similarly relatively high standard of efficiency. The postal business employs 170,000 and has assets worth £260m. It collects about 30m. letters a day, and delivers them to any one of 21m. delivery points.

However, the problems are generally less easy to solve than on the telecommunications side. Delivery points are increasing, mechanisation is fraught with problems, costs are rising about 25 per cent. faster than the general price level, and the carriage of parcels and telegrams is extremely unprofitable.

The Post Office is responsible for 1,533 Crown offices staffed by Post Office employees and 21,709 sub-offices, staffed on an agency basis by sub-postmasters.

The Giro system now has over 500,000 account holders. In 1976, its fees and charges raised £21.4m., and interest on payments £15m.

The Data Processing Service works largely on the Post Office's own business, but hires out

Separating posts and telephones

THE MOST dramatic recommendation of the report—though not necessarily the most significant one—is that the Post Office be split into two autonomous corporations.

The new Post Office would handle mail, parcels, Giro and remittance services, while a new Telecommunications Authority would be responsible for the telecommunications system and for the Data Processing Service.

The two corporations would be managed by five-man full-

Consumer relations criticised

THE CARTER Committee is critical of the Post Office's inability to relate to government, to its staff and to customers.

It is especially critical of its attitude to consumers. "Sometimes its customers get the feeling that they are being graciously permitted to use the system."

The report rejects the "arms length" theory of relations between Government Departments (in this case, the Department of Industry) and the corporation.

In practice, the arms length distance is too great. The postal service is a monopoly which cannot be allowed to fail, and thus government must take, and be seen to take, an active interest in its affairs.

The problem is how that interest is formalised.

The committee proposes the establishment of a Council on Post Office and Telecommunications Affairs "with the obligation, composition and resources to enable it to give strong and well-informed advice to the government, which the Secretary of State could not lightly ignore."

The Carter Committee does not approve of the plan to put members on the Board of the Post Office in the short term.

The plan is that the reconstituted Board should have seven management representatives, seven worker representatives and five independent members, of whom two would represent the consumer interest.

This is seen as being overly ambitious and bureaucratic.

In its place, the committee recommends a basic unit of industrial democracy, to be called the Operations Committee. Essentially, it would be a forum in which management and trade union representatives would discuss and agree working practice, in the light of higher level decisions.

Separating posts and telephones

time Boards, with a full time chairman. These Boards would also include non-executive members and, possibly, at a later stage, worker representatives.

The committee argues there are major differences between the two branches of the present Post Office telecommunications: capital intensive and expanding and the postal service is labour intensive and shrinking.

Both require separate, clear decision-making structures.

JOHN WADDINGTON LTD

SUMMARY OF RESULTS

for the year ended 3rd April 1977

| £000 | 1977 | 1976 |
|--------------------------------|----------|---------|
| Sales | 35,814 | 27,955 |
| Profit before Tax | 3,270 | 1,735 |
| Shareholders' Profit after Tax | 1,528 | 711 |
| Earnings per Ordinary Share | 29.36p | 13.39p |
| Dividends per Ordinary Share | 6.45425p | 5.8765p |

Highlights from the Statement of the Chairman, Mr. R.E. Chadwick

- Sales increased by 28%.
- Pre-tax profits increased by 88%.
- Earnings per Ordinary Share up from 13.39p to 29.36p.
- Property revaluation adds £1,811,000 to assets.
- Rights issue to raise £1.3 million.
- Capital Expenditure to be substantially increased.

We are now organised into two well-defined and cohesive groups:-

PACKAGING & PRINTING, and PUBLISHING.

Packaging had a good year and Printing did well. We maintained our Games market share against stiff competition. Valentines of Dundee Ltd. and its subsidiaries strengthened their position in the market in greeting cards and gift wrap.

Your company has record profits, a healthy balance sheet, plans for substantial investment and growth, a well proved management team and a leavening of highly experienced non-executive directors.

I shall retire after the Annual General Meeting and Mr. Victor H. Watson will be appointed Chairman & Chief Executive.

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'Users must bear costs'

THE COMMITTEE agrees with the government view that users of Post Office services should pay all costs properly attributable to the provision of those services—the "users bear all costs" principle.

There is general agreement with the Post Office's decision to return to economic pricing, and financial objectives, with the current financial objective of a real rate of return for the telecommunications business of 8 per cent. though it is apparent that this will be substantially exceeded this year.

But the committee goes on to state that these targets should not become obsessive, so that the public is overcharged.

The financial target should be the means of calculating a realistic price level.

If the resulting cash flow is insufficient to meet the investment needs of the telecommunications business, then Government should find the balance.

6 Months.

| For the six months ended May 31, 1977 and May 31, 1976 | | (Thousands of dollars) | |
|--|-----------|------------------------|--|
| AVCO CORPORATION | 1977 | 1976 | |
| REVENUES Financial services | \$389,533 | \$353,418 | |
| Products and research | 291,015 | 271,765 | |
| Recreation and land development | 44,499 | 27,015 | |
| | \$725,047 | \$652,198 | |
| EARNINGS Financial services | \$ 29,186 | \$ 18,729 | |
| Products and research | 18,155 | 14,980 | |
| Recreation and land development | (2,377) | (7,546) | |
| | \$ 44,964 | \$ 26,163 | |
| UNREALIZED GAINS ON FOREIGN EXCHANGE FLUCTUATIONS | \$ 345 | \$ 7,278 | |
| EARNINGS FROM CONTINUING OPERATIONS | \$ 45,309 | \$ 33,441 | |
| DISCONTINUED OPERATIONS | \$ (400) | \$ 20,398 | |
| | \$ 44,909 | \$ 53,839 | |
| EXTRAORDINARY TAX CREDIT | \$ 6,413 | \$ 5,200 | |
| NET EARNINGS | \$ 51,322 | \$ 59,039 | |
| Per common share, primary | \$ 3.91 | \$ 4.41 | |
| Per common share, fully diluted | \$ 2.21 | \$ 2.60 | |

AVCO DIVISIONS AND SUBSIDIARIES:

FINANCIAL SERVICES: Avco Financial Services, Inc. • Carte Blanche Corporation • Cartan Travel Bureau, Inc. • The Paul Revere Companies

PRODUCTS AND RESEARCH: Avco Aerostructures Division • Avco Electronics Division • Avco Everett Research Laboratory, Inc. • Avco International Services Division • Avco Lycoming Division • Stratford, CT • Avco Lycoming Division • Williamsport, PA • Avco Medical Products Division • Avco New Idea Farm Equipment Division • Avco of Canada, Ltd. • Avco Systems Division • Ben-Mont Corporation

RECREATION AND LAND DEVELOPMENT: Avco Community Developers, Inc. • Avco Embassy Pictures Corp.

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1275 King Street, Greenwich, CT 06830

CPK 101 SA

STOCK EXCHANGE REPORT

Fresh setback on gloomy statement from Courtaulds

Share index down 7.2 at 439.1—Gilts steadier

Account Dealing Dates

First Clearance Last Account
Dealing Dates Day
July 21 July 21 Aug. 2
July 25 Aug. 4 Aug. 5
Aug. 8 Aug. 18 Aug. 31
New time deals may take place
1.30 a.m. on business days earlier.
Equities sustained a further set-
back yesterday as renewed sell-
ing was motivated by the un-
expected and rather gloomy view
of the Courtaulds chairman about
current trading prospects, which
is delivered at the latter's annual
meeting. Courtaulds, in particu-
lar, were hard hit and closed at
the day's lowest with a fall of 0.2
to 116. While overall market
enthusiasm was also disturbed by
the surprise dividend omission
and awful preliminary figures
for Falvey, which dipped to 43p
before recovering to shade to 45p
or a net loss of 15.

Banks lower

Buyers showed little interest
again in the big four clearing
banks and prices continued to ease.
Lloyds, which with Midland be-
gan the interim dividend season
tomorrow, lost 5 to 213p as did
the latter to 200p. NatWest (which
reports on Tuesday) also gave up
at 223p and Barclays ended 8
down at 272p. Elsewhere, the bull-
ish interim statement failed to
stimulate Union Discount, which
remained at the overnight level of
0.7102 (0.7110).

Gilts still sensitive

The anxieties aroused by the
determination of some unions to
press for pay rises well in excess
of the Government's recent guid-
ance and the effect of these set-
tlements on the rate of infla-
tion were still prevalent in open-
ing Gilts-edged dealings. Quota-
tions throughout the list were
soon lower, and a little more
in the case of selected
titles. The downward pressure
covered quickly caused a change
of direction. The eventual trans-
formation of these losses into
gains of a similar amount was a
measure of the market's current
over-optimism. The National
Average was only a light stand-
ard. Minimum Lending Rate fears
were less of an influence, although

the rate is expected to change
sooner rather than later, but the
bulk of the day's trade was spread
among the shorter issues. To-
wards the close, sellers began
operating again at the higher
levels and most gains were pared
leaving marginal improvements
ranging to 1/2 only. Corporations
were not able to join in the re-
covery and closed 4 lower in
places, but Southern Rhodesian
bonds halved early falls and
settled only a point down on
billed.

Investment trusts

A rather slow day in the in-
vestment trust market closed
with the premium marginally
easier at 112 1/2 per cent, after hav-
ing moved between the narrow
band of 112 1/2 and 113 1/2 per cent.
Yesterday's SE conversion factor
was 0.7102 (0.7110).

Reyrolle down again

Further analysis of the plight
of the heavy electrical industry
has led to a recent award of the
Reyrolle Parsons, took the latter
down 6 more to 163p for a two-
day loss of 14; it also lopped 7

from GEC at 195p. Elsewhere in
dull Electricals, Racal was sub-
jected to renewed profit-taking
and fell 13 to 434p, while Decca
A declined 7 to 310p. RICC, which
is expected to benefit from the
Drax B project, only shed a
pony to 115p. Thorn A eased to
312p, while falls of 2 were seen
in Muthers 183p, and
United Scientific, 170p. The
general market trend tended to
obscure Tuesday's record profits
and proposed one-for-three scrip
issue from Ward and Goldstone,
which eased a pony to 106p. The
good news in fresh profits, how-
ever, prompted a gain of 2 to
32p, after 53p, in Rotax.

Oil stocks

British Sugar was to the fore
in Foods and closed 10 cheaper
at 470p, after 483p, despite the

fall of 5 to 87p in Peter Brother-
hood, while similar losses were
recorded in Birmingham Mt, 60p,
and Davy International, 228p;
the preliminary figures of the last-
named are due next Tuesday. Cur-
rently the subject of an agreed
offer from Hawley Siddeley worth
340p per share, L. Gardner im-
proved 5 to 380p on news that
Rolls-Royce Motor has been add-
ing to its 17 per cent stake in
Gardner by purchasing shares in
the market. S. W. Wood edged
forward a penny to 34p despite
news of the annual loss. Among
Shipbuilders, Vosper rose 5 to
118p.

also closed only a penny off at
199p. Among the small scattering
of firmer spots in secondary
issues, L. Lipton stood out with a
fresh rally of 54 to 834p on news
that talks are still taking place
with Lex Service; the latter shed
2 more to 58p. Press comment
aided a rise of 2 to 65p in Ega,
while North Sea interests lifted
National Carbonising a like
amount to 62p. News of expected
Boardroom changes in Provincial
Landlords following the acqui-
sition by U.P. Service Industry of
Switzerland of a 26.65 per cent
stake in the company lifted the
latter by a penny to 8p for a two-
day rise of 43p. LRC International
held at 68p following the rise in
granular profits while J. Billam
hardened a penny to 52p in re-
sponse to the chairman's
encouraging statement at the
annual meeting. Hay's Wharf
lost 9 to 109p, while Redfern
Gloss continued to ease, reflecting
the absence of a bid by
declining 6 more to 180p. J. W.
Spear fell 7 to 133p.

Gold easier

The recovery in the bullion
prices, which closed 81 easier at
\$144.325 per ounce, after being
\$144.10 at the morning fixing,
coupled with continuing satisfac-
tion with the latest June quarterly
working profits from General
Mining and Union Corporation,
helped South African Gold to
steady after early falls.

Shares easier

Initially share prices fell away
on Cape and Continental selling
prompted by the overnight trans-
atlantic weakness of the metal
price, but the subsequent rally to
the latter encouraged a better at-
titude in sentiment to the extent
that prices closed only marginally
easier on balance and in some
cases registered small gains. In
particular, the recovery in the
Continental end local interest
with a further rise to a year's
high of 23, despite the slightly
lower June working surplus while
Libson put on 5 in a 1977 high
of 319p following the excellent
June quarterly.

Oil stocks

Apart from British Petroleum,
which opened higher at 816p
following overnight business from
the London market, oil stocks
were mixed. BP, partly par-
ly, reacted 4 to 363p, while Shell
lost a like amount to 544p. S. P.
Hess, which is in liquidation at 216p, L.A.M.
Ordinary declined 4 to 172p, while
the O.P.S. units shed 3 to 327p.
Properties continued to reflect
apprehensions about rising oil
prices and the fact that the
Government has not yet followed
up the property revaluation, and
announced three-for-ten scrip
issues.

L. Lipton rally

Miscellaneous Industrial issues
gave ground over a broad front.
The leaders closed at the worst,
although falls rarely exceeded 5p.
In Glaxo, 543p, Beecham, 485p,
and Boots, 177p, Bowler declined
4 to 176p, while Reckitt and
Colman lost 7 to 460p, Turner
and Newall fell 10 to 170p, while
Newell fell 10 to 170p. Rank
Organisation, helped by a
recovery in first-half profits,
receded 5 to 147p.

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prices, which closed 81 easier at
\$144.325 per ounce, after being
\$144.10 at the morning fixing,
coupled with continuing satisfac-
tion with the latest June quarterly
working profits from General
Mining and Union Corporation,
helped South African Gold to
steady after early falls.

FINANCIAL TIMES STOCK INDICES

| | July 20 | July 19 | July 18 | July 17 | July 16 | July 15 | July 14 |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Government Secs. | 66.67 | 66.60 | 66.83 | 67.83 | 67.80 | 67.75 | 68.28 |
| Fixed Interest | 67.57 | 67.78 | 67.91 | 68.31 | 68.33 | 68.34 | 68.94 |
| Industrial Ordinary | 439.1 | 446.3 | 450.5 | 463.7 | 448.9 | 448.9 | 398.3 |
| Gold Mines | 118.8 | 116.5 | 118.7 | 116.8 | 116.8 | 116.2 | 121.9 |
| Ord. Div. Yield | 5.45 | 5.29 | 5.38 | 5.32 | 5.34 | 5.33 | 6.77 |
| Banking 1/2 (incl. Div.) | 16.98 | 16.08 | 16.98 | 15.98 | 15.98 | 15.98 | 16.70 |
| P/B Ratio (incl. Div.) | 8.89 | 9.00 | 9.00 | 9.11 | 9.11 | 9.11 | 8.97 |
| Dividends (incl. Div.) | 5.758 | 5.876 | 5.820 | 5.668 | 5.672 | 5.672 | 4.811 |
| Equity turnover (incl. Div.) | 58.60 | 57.18 | 64.48 | 78.80 | 87.90 | 87.90 | 44.80 |
| Equity turnover (incl. Div.) | 18.110 | 18.515 | 14.978 | 17.505 | 18.313 | 18.313 | 10.978 |

HIGHS AND LOWS

| Stock | High | Low | High | Low |
|-------------|-------|-------|-------|-------|
| Govt. Secs. | 71.48 | 60.45 | 187.4 | 49.15 |
| Fixed Int. | 71.19 | 60.40 | 180.4 | 50.52 |
| Ind. Ord. | 477.4 | 352.6 | 45.5 | 40.4 |
| Gold Mines | 157.4 | 85.1 | 442.3 | 45.6 |

ACTIVE STOCKS

| Stock | Denomina- tion | No. of Shares | Closing price (p) | Change on day | 1977 high | 1977 low |
|--------------------|-------------------|------------------|----------------------|------------------|--------------|-------------|
| ICI | £1 | 17 | 384 | -2 | 412 | 325 |
| BATS Defd. | 25p | 10 | 203 | -4 | 260 | 204 |
| Courtaulds | 25p | 10 | 116 | -10 | 135 | 59 |
| Barclays Bank | £1 | 10 | 221 | -5 | 262 | 277 |
| GNV | £1 | 2 | 272 | -6 | 253 | 238 |
| Cavenham | 25p | 8 | 108 | -1 | 120 | 83 |
| GBC | 25p | 8 | 185 | -7 | 209 | 163 |
| Marles & Spencer | 25p | 8 | 115 | -1 | 124 | 86 |
| Royal Insurance | 25p | 8 | 322 | -4 | 368 | 280 |
| Transocean | 25p | 8 | 252 | -4 | 302 | 454 |
| Dunlop | 50p | 7 | 103 | -1 | 114 | 78 |
| Gus A' | 25p | 7 | 220 | -2 | 244 | 176 |
| Lorbro | 25p | 7 | 67 | -1 | 82 | 68 |
| Rank Org. | 25p | 7 | 149 | -1 | 216 | 138 |
| Trust Houses Forte | 25p | 7 | 187 | -5 | 157 | 112 |

NEW HIGHS AND LOWS FOR 1977

| Stock | High | Low |
|--------------------|------|-----|
| ICI | 412 | 325 |
| BATS Defd. | 260 | 204 |
| Courtaulds | 135 | 59 |
| Barclays Bank | 262 | 277 |
| GNV | 253 | 238 |
| Cavenham | 120 | 83 |
| GBC | 209 | 163 |
| Marles & Spencer | 124 | 86 |
| Royal Insurance | 368 | 280 |
| Transocean | 302 | 454 |
| Dunlop | 114 | 78 |
| Gus A' | 244 | 176 |
| Lorbro | 82 | 68 |
| Rank Org. | 216 | 138 |
| Trust Houses Forte | 157 | 112 |

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

CDLISEUM, 01-530 3161. Credit card
and cheque accepted. **LAURENTIUS**
by the Royal Opera House, Covent
Garden. Tickets from 10.00. **LAURENTIUS**
by the Royal Opera House, Covent
Garden. Tickets from 10.00. **LAURENTIUS**
by the Royal Opera House, Covent
Garden. Tickets from 10.00.

THEATRES

GARRY HAY, 01-437 0334. **THE
MURDER OF HERNANDEZ**. A play
by the Royal Opera House, Covent
Garden. Tickets from 10.00.

THEATRES

ROYAL OPERA HOUSE, 01-530 3161. **LAURENTIUS**
by the Royal Opera House, Covent
Garden. Tickets from 10.00.

RECENT ISSUES

EQUITIES

| Issue | Price | Change | High | Low |
|--------------------|-------|--------|------|-----|
| ICI | 384 | -2 | 412 | 325 |
| BATS Defd. | 203 | -4 | 260 | 204 |
| Courtaulds | 116 | -10 | 135 | 59 |
| Barclays Bank | 221 | -5 | 262 | 277 |
| GNV | 272 | -6 | 253 | 238 |
| Cavenham | 108 | -1 | 120 | 83 |
| GBC | 185 | -7 | 209 | 163 |
| Marles & Spencer | 115 | -1 | 124 | 86 |
| Royal Insurance | 322 | -4 | 368 | 280 |
| Transocean | 252 | -4 | 302 | 454 |
| Dunlop | 103 | -1 | 114 | 78 |
| Gus A' | 220 | -2 | 244 | 176 |
| Lorbro | 67 | -1 | 82 | 68 |
| Rank Org. | 149 | -1 | 216 | 138 |
| Trust Houses Forte | 187 | -5 | 157 | 112 |

FIXED INTEREST STOCKS

| Issue | Price | Change | High | Low |
|--------------------|-------|--------|------|-----|
| ICI | 384 | -2 | 412 | 325 |
| BATS Defd. | 203 | -4 | 260 | 204 |
| Courtaulds | 116 | -10 | 135 | 59 |
| Barclays Bank | 221 | -5 | 262 | 277 |
| GNV | 272 | -6 | 253 | 238 |
| Cavenham | 108 | -1 | 120 | 83 |
| GBC | 185 | -7 | 209 | 163 |
| Marles & Spencer | 115 | -1 | 124 | 86 |
| Royal Insurance | 322 | -4 | 368 | 280 |
| Transocean | 252 | -4 | 302 | 454 |
| Dunlop | 103 | -1 | 114 | 78 |
| Gus A' | 220 | -2 | 244 | 176 |
| Lorbro | 67 | -1 | 82 | 68 |
| Rank Org. | 149 | -1 | 216 | 138 |
| Trust Houses Forte | 187 | -5 | 157 | 112 |

"RIGHTS" OFFERS

| Issue | Price | Change | High | Low |
|--------------------|-------|--------|------|-----|
| ICI | 384 | -2 | 412 | 325 |
| BATS Defd. | 203 | -4 | 260 | 204 |
| Courtaulds | 116 | -10 | 135 | 59 |
| Barclays Bank | 221 | -5 | 262 | 277 |
| GNV | 272 | -6 | 253 | 238 |
| Cavenham | 108 | -1 | 120 | 83 |
| GBC | 185 | -7 | 209 | 163 |
| Marles & Spencer | 115 | -1 | 124 | 86 |
| Royal Insurance | 322 | -4 | 368 | 280 |
| Transocean | 252 | -4 | 302 | 454 |
| Dunlop | 103 | -1 | 114 | 78 |
| Gus A' | 220 | -2 | 244 | 176 |
| Lorbro | 67 | -1 | 82 | 68 |
| Rank Org. | 149 | -1 | 216 | 138 |
| Trust Houses Forte | 187 | -5 | 157 | 112 |

OPTIONS TRADED

| Issue | Price | Change | High | Low |
|--------------------|-------|--------|------|-----|
| ICI | 384 | -2 | 412 | 325 |
| BATS Defd. | 203 | -4 | 260 | 204 |
| Courtaulds | 116 | -10 | 135 | 59 |
| Barclays Bank | 221 | -5 | 262 | 277 |
| GNV | 272 | -6 | 253 | 238 |
| Cavenham | 108 | -1 | 120 | 83 |
| GBC | 185 | -7 | 209 | 163 |
| Marles & Spencer | 115 | -1 | 124 | 86 |
| Royal Insurance | 322 | -4 | 368 | 280 |
| Transocean | 252 | -4 | 302 | 454 |
| Dunlop | 103 | -1 | 114 | 78 |
| Gus A' | 220 | -2 | 244 | 176 |
| Lorbro | 67 | -1 | 82 | 68 |
| Rank Org. | 149 | -1 | 216 | 138 |
| Trust Houses Forte | 187 | -5 | 157 | 112 |

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

| Index No. | Day's Change % | Est. Value (Mill. £) | Est. Yield % | Index No. | Day's Change % | Est. Value (Mill. £) | Est. Yield % | | | |
|-----------|----------------|----------------------|--------------|-----------|----------------|----------------------|--------------|--------|--------|----|
| 1 | 179.07 | -1.4 | 18.90 | 6.03 | 7.73 | 181.69 | 183.71 | 183.83 | 14 | |
| 2 | 150.37 | -0.9 | 19.90 | 6.90 | 7.39 | 151.76 | 152.81 | 153.98 | 12 | |
| 3 | 243.22 | -1.0 | 21.74 | 4.98 | 6.89 | 245.70 | 248.48 | 251.24 | 248.59 | 17 |
| 4 | 355.62 | -2.6 | 37.75 | 4.72 | 8.29 | 365.88 | 372.31 | 374.72 | 373.83 | 27 |
| 5 | 263.20 | -1.4 | 28.67 | 5.08 | 6.53 | 267.67 | 270.11 | 272.17 | 271.37 | 17 |
| 6 | 160.88 | -1.2 | 18.36 | 6.58 | 7.98 | 162.77 | 164.20 | 165.32 | 164.04 | 19 |
| 7 | 92.34 | -0.7 | 22.65 | 6.94 | 6.44 | 92.96 | 93.27 | 93.98 | 92.96 | 14 |
| 8 | 147.46 | -0.9 | 18.26 | 7.32 | 7.73 | 148.79 | 149.94 | 151.81 | 150.40 | 13 |
| 9 | 170.19 | -1.0 | 17.65 | 5.88 | 8.30 | 171.93 | 173.36 | 175.44 | 173.78 | 19 |
| 10 | 177.92 | -1.2 | 16.26 | 3.86 | 9.06 | 180.37 | 182.22 | 184.20 | 182.80 | 19 |
| 11 | 139.82 | -0.5 | 15.92 | 6.63 | 7.27 | 140.63 | 141.63 | 142.63 | 141.63 | 12 |
| 12 | 108.58 | -0.8 | 19.04 | 6.30 | 7.79 | 109.88 | 110.82 | 111.33 | 110.27 | 7 |
| 13 | 163.48 | -1.7 | 17.48 | 6.49 | 8.33 | 164.30 | 167.88 | 169.55 | 167.97 | 16 |
| 14 | 172.12 | -2.0 | 16.87 | 7.21 | 8.96 | 175.27 | 179.25 | 183.78 | 179.13 | 16 |
| 15 | 196.82 | -2.4 | 17.50 | 6.40 | 8.80 | 197.84 | 201.83 | 205.86 | 197.11 | 16 |
| 16 | 205.82 | -1.5 | 16.25 | 7.79 | 8.95 | 207.67 | 211.66 | 215.65 | 212.17 | 15 |
| 17 | 172.36 | -0.7 | 22.87 | 5.87 | 6.53 | 173.62 | 175.24 | 176.86 | 175.24 | 15 |
| 18 | 171.08 | -1.7 | 14.71 | 5.11 | 9.82 | 174.75 | 176.17 | 177.59 | 175.59 | 17 |
| 19 | 297.27 | -1.4 | 30.02 | 3.96 | 15.18 | 301.56 | 304.12 | 306.54 | 304.54 | 13 |
| 20 | 118.49 | -0.9 | 19.89 | 7.22 | 7.89 | 119.59 | 120.82 | 122.13 | 121.53 | 13 |
| 21 | 142.82 | -1.4 | 12.38 | 5.92 | 12.24 | 144.82 | 146.75 | 148.69 | 146.49 | 12 |
| 22 | 124.96 | -0.7 | 12.75 | 6.58 | 7.27 | 126.06 | 127.11 | 128.16 | 126.16 | 12 |
| 23 | 194.85 | -2.8 | 24.23 | 9.23 | 5.40 | 196.79 | 201.80 | 206.81 | 202.81 | 22 |
| 24 | 98.24 | -1.4 | 18.66 | 6.41 | 7.04 | 99.61 | 99.94 | 100.33 | 99.33 | 2 |
| 25 | 248.67 | -0.8 | 15.87 | 4.83 | 9.36 | 250.59 | 253.94 | 257.29 | 254.27 | 21 |
| 26 | 104.89 | -0.3 | 21.53 | 6.46 | 6.22 | 106.18 | 107.47 | 108.77 | 107.99 | 9 |
| 27 | 129.46 | -0.9 | 15.11 | 7.15 | 8.18 | 130.82 | 132.11 | 133.40 | 132.11 | 11 |
| 28 | 173.55 | -1.1 | 16.69 | 7.61 | 8.66 | 175.10 | 176.77 | 178.44 | 177.15 | 15 |
| 29 | 177.38 | -1.4 | 17.42 | 6.89 | 8.29 | 179.82 | 181.49 | 183.16 | 181.16 | 15 |
| 30 | 505.64 | -0.2 | 19.95 | 3.69 | 10.59 | 508 | | | | |

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts including: British Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., Provincial Life Inv. Co. Ltd., etc.

Table of Offshore and Overseas Funds including: Arbutnot Securities (C.I.) Limited, Fidelity Mgt. & Ret. (Bda.) Ltd., Kemp-Coo Management Jersey Ltd., etc.

BASE LENDING RATES

Table of Base Lending Rates for various banks including: Bank of England, Irish Bank Ltd., etc.

WINNERS AND LAGGARDS

Table of Winners and Laggards showing percentage changes for various sectors like: All-Share Index, Chemicals, etc.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds including: Abbey Life Assurance Co. Ltd., Equify & Law Life Ass. Co. Ltd., etc.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds with columns for Name, Dividend Yield, and other financial metrics.

INTERNATIONAL BANK

Table of International Bank shares with columns for Name, Price, and Dividend Yield.

COMMONWEALTH & AFRICAN FUNDS

Table of Commonwealth & African Funds with columns for Name, Price, and Dividend Yield.

FOREIGN BONDS & RAIS

Table of Foreign Bonds & Rais with columns for Name, Price, and Dividend Yield.

AMERICANS

Table of American shares with columns for Name, Price, and Dividend Yield.

CANADIANS

Table of Canadian shares with columns for Name, Price, and Dividend Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase shares with columns for Name, Price, and Dividend Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits shares with columns for Name, Price, and Dividend Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads shares with columns for Name, Price, and Dividend Yield.

BUILDING INDUSTRY - Continued

Table of Building Industry shares (continued) with columns for Name, Price, and Dividend Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics shares with columns for Name, Price, and Dividend Yield.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV shares with columns for Name, Price, and Dividend Yield.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Name, Price, and Dividend Yield.

DRAPERY AND STORES - Continued

Table of Drapery and Stores shares (continued) with columns for Name, Price, and Dividend Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio shares with columns for Name, Price, and Dividend Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools shares with columns for Name, Price, and Dividend Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. shares with columns for Name, Price, and Dividend Yield.

ENGINEERING - Continued

Table of Engineering shares (continued) with columns for Name, Price, and Dividend Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for Name, Price, and Dividend Yield.

INDUSTRIALS (Miscellaneous)

Table of Industrial shares (miscellaneous) with columns for Name, Price, and Dividend Yield.

INDUSTRIALS (Miscellaneous)

Table of Industrial shares (miscellaneous) with columns for Name, Price, and Dividend Yield.

INDUSTRIALS (Miscellaneous)

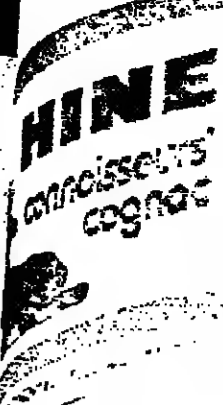
Table of Industrial shares (miscellaneous) with columns for Name, Price, and Dividend Yield.

INDUSTRIALS (Miscellaneous)

Table of Industrial shares (miscellaneous) with columns for Name, Price, and Dividend Yield.

Table of Industrial shares (miscellaneous) with columns for Name, Price, and Dividend Yield.

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Carter Post Office report angers union

BY JOHN LLOYD, INDUSTRIAL STAFF

THE REPORT of the Post Office Review Committee published yesterday, has been received with hostility from the Union of Post Office Workers and scepticism from the Post Office, although consumers organisations welcomed its proposals.

double the Post Office bureaucracy. It also fears a rundown of postal services once a split had been effected.

International bid to end steel crisis

BY DAVID CURRY PARIS, July 20.

WESTERN STEEL producing countries have decided the world steel crisis is so severe as to warrant a multi-national solution.

supply and demand in the home market and the industry's main problems.

U.K. gains EEC Budget breather

BRUSSELS, July 20.

BUDGET MINISTERS of the nine European Community countries agreed to postpone a decision on the method of calculating the British contribution to the Community Budget.

the Budget in new European Units of Account, in which the pound has a more "realistic" (that is, lower) value than the budgetary units of account used hitherto.

SECRET BALLOT RESULTS WILL GO TO JUDGE

Grunwick 'No' to unions

BY NICK GARNETT, LABOUR STAFF

A SECRET ballot conducted at Grunwick yesterday by Gallup Poll, the market and opinion research company, produced an 85 per cent vote among staff against any union negotiating pay and conditions at the firm processing company.



Grunwick's non-striking workers queue to give their answers in the secret ballot on union representation and membership.

No notice was given to staff that the vote was to take place, said Mr. Collins, a Gallup director, said that management was not involved in the vote at any time, and there was no way that voting forms could be matched up with the names of individuals.

that the company had exerted pressure on staff. Mr. Ward said that although those allegations were untrue the company had taken care to ensure an opinion test that was beyond criticism.

force that has been subjected to every form of abuse and harassment.

SE probe of 'false market'

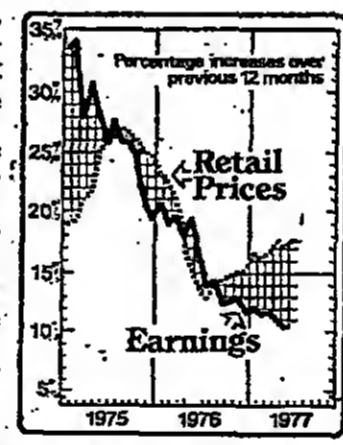
By Keith Lewis

THE STOCK EXCHANGE has confirmed for the first time that a committee of inquiry is looking into the possibility of an artificial market having been created in shares of some publicly-quoted companies.

Phase Two pay up 8.8% in ten months

BY MICHAEL BLANDEN

AFTER A FALL in April, average earnings rose by 1.1 per cent in May to show an increase of 8.8 per cent over the first 10 months of the Phase Two pay policy.



Shipyard chief to discuss jobs on Tyne

ADMIRAL Sir Anthony Griffin, chairman of British Shipbuilders, has agreed to meet a deputation next week from Tyne and Wear County Council, which is campaigning to obtain more work for North-East shipyards.

TGW leaders fight for 12-month pay rule

BY ALAN PIKE, LABOUR STAFF

LEADERS of the Transport and General Workers' Union are fighting to preserve the rule of a 12-month gap between pay settlements despite their conference's demand a fortnight ago for an "unfettered" return to free collective bargaining.

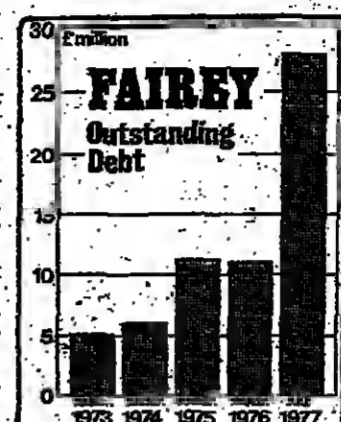
Weather

MAINLY DRY. Cloud and some rain in Scotland. London, S.E. and Cent. S. England, E. Anglia, Midlands Dry, sunny periods. Wind moderate to fresh. Max. temp. 21C (70F).

THE LEX COLUMN

Financial strains at Fairey

Index fell 7.2 to 439.1



Fairey is not paying a final dividend, and its profits for the year to March total £1.27m, pre-tax compared with a forecast in December of an improvement on the £A.92m. of 1975-76.

The first hint of trouble came less than a fortnight ago, when the group disclosed that its borrowings had soared from around £11m. in 1976 to £28m. at the beginning of this month.

There have been two main problems. The group had expected that big contracts for bridges and aircraft would be signed in time for substantial deliveries to be made before the year-end.

British Sugar. Raising capital on the market for the first time post-war, British Sugar Corporation is not doing things by halves. The £18.75m. call represents 62 1/2 per cent of the present capitalisation excluding the Government-held shares.

The Government has said No. Thanks, quoting public expenditure limitations, and its stake will drop below a quarter. Despite that, British Sugar has gone for a capital injection aimed at seeing it through to the end of a £150m. capital expenditure programme, which it is one third of the way through, and a permanent increase in working capital.

At present this rises to a brief peak of £85m. at the end of the manufacturing period in March, and will move higher as production expands toward producing half Britain's sugar (a showing few signs of climbing). Union seems fairly assured reasonable running profits of the next couple of months at 34 1/2p the shares are on comfortable prospective yield of 9 per cent.

capital requirements, and the annual peak in short-term needs, the balance sheet is strong enough. The prospective yield, on an ex-rights price of 439p a share, is 6.6 per cent.

Courtaulds. The news from Courtaulds' annual meeting is that hopes of a marked recovery in the fibres cycle have again to be postponed. Although profits in the first half of this year could be 30 per cent higher, trading conditions have deteriorated since the second six months of 1976-77.

Union Discount. In common with Alexander, which reported earlier this month, Union Discount had almost tripled profits in two years despite bad harvests, and the prospect, given some overdue luck with the weather, that the growth rate could continue to produce more than £30m. of pre-tax profits next year.

The issue proceeds, plus a possible dividend to treat most of around £40m. in deferred tax as equity, could take capital and reserves close to £100m. at the coming year end, against parity of £21m. Despite the permanent increase in working as indicated yesterday.

Business with Portugal goes a deal better with the right interpreter

Portugal's new expansion plans offer British businesses and their banks exceptional opportunities today. In, say, machinery for agriculture, fertilizers and textiles, negotiation - and deals in foreign currency - can be best interpreted by a bank that is fluent in both finance and Portuguese.

Call on the services of Banco Totta & Acores Portugal's oldest and also one of its largest banks, with over 100 branches. We are here, in the City of London, at 1-3 Abchurch Yard, EC4N 7BH.

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